# EDISON BULLETIN

SALES CONFERENCE NUMBER

APRIL, 1937

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# STATISTICAL DATA OF THE ELECTRIC LIGHT AND POWER INDUSTRY

*Compiled Monthly by the Edison Electric Institute—Covers 100% of the Industry*

## DURING THE MONTH OF JANUARY

| | 1937 | 1936 | % |
|---|---|---|---|
| **Kilowatt-hours Generated* (net)** | | | |
| By Fuel | 6,008,707,000 | 5,515,500,000 | + 8.9 |
| By Water Power | 3,604,954,000 | 3,104,345,000 | +16.1 |
| Total Kilowatt-hours Generated | 9,613,661,000 | 8,619,845,000 | +11.5 |
| **Additions to Supply** | | | |
| Energy Purchased from Other Sources | 294,980,000 | 151,816,000 | +94.3 |
| Net International Imports | 80,902,000 | 73,420,000 | +10.2 |
| Total | 375,882,000 | 225,236,000 | +66.9 |
| **Deductions from Supply** | | | |
| Energy Used in Electric Railway Departments | 56,433,000 | 57,241,000 | − 1.4 |
| Energy Used in Electric and Other Departments | 141,141,000 | 123,730,000 | +14.1 |
| Total | 197,574,000 | 180,971,000 | + 9.2 |
| **Total Energy for Distribution** | **9,791,969,000** | **8,664,110,000** | **+13.0** |
| **Energy Lost in Transmission, Distribution, Etc.** | **1,432,486,000** | **1,385,831,000** | **+ 3.4** |
| **Kilowatt-hours Sold to Ultimate Consumers** | **8,359,483,000** | **7,278,279,000** | **+14.9** |
| **Sales to Ultimate Consumers (kwhrs)** | | | |
| Domestic Service | 1,667,776,000 | 1,466,499,000 | +13.7 |
| Commercial—Small Light and Power (Retail) | 1,615,708,000 | 1,402,781,000 | +15.2 |
| Commercial—Large Light and Power (Who esale) | 4,257,754 000 | 3,566,771,000 | +19.4 |
| Municipal Street Lighting | 218,352,000 | 234,266,000 | − 6.8 |
| Railroads—Street and Interurban | 410 208,000 | 446,101,000 | − 8.0 |
| Railroads—Electrified Steam | 118,441,000 | 100,413,000 | +18.0 |
| Municipal and Miscellaneous | 71,244,000 | 61,448,000 | +15.9 |
| Total Sales to Ultimate Consumers | 8,359,483,000 | 7,278,279,000 | +14.9 |
| Total Revenue from Ultimate Consumers | $194,554.000 | $179,140,500 | + 8.6 |

## DURING TWELVE MONTHS ENDING JANUARY 31st

| | | | |
|---|---|---|---|
| **Kilowatt-hours Generated* (net)** | | | |
| By Fuel | 69,493,207,000 | 56,882,604,000 | +22.2 |
| By Water Power | 37,500,609,000 | 36,623,773,000 | + 2.4 |
| Total Kilowatt-hours Generated | 106,993,816,000 | 93,506,377,000 | +14.4 |
| Purchased Energy (net) | 3,150,646,000 | 3,257,321,000 | − 3.3 |
| Energy Used in Electric Railway and Other Departments | 2,116,603,000 | 2,166,545,000 | − 2.3 |
| **Total Energy for Distribution** | **108,027,859,000** | **94,597,153,000** | **+14.2** |
| **Energy Lost in Transmission, Distribution, Etc.** | **17,446,655,000** | **16,191,580,000** | **+ 7.8** |
| **Kilowatt-hours Sold to Ultimate Consumers** | **90,581,204,000** | **78,405,573,000** | **+15.5** |
| **Total Revenue from Ultimate Consumers** | **$2,073,713,500** | **$1,921,028,000** | **+ 7.9** |
| **Important Factors** | | | |
| Percent of Energy Generated by Water Power | 35.0% | 39.2% | |
| **Domestic Service (Residential Use)** | | | |
| Average Annual Consumption per Customer (kwhr) | 729 | 678 | + 7.5 |
| Average Revenue per Kwhr (Cents) | 4.69¢ | 4.99¢ | − 6.0 |
| Average Monthly Bill per Domestic Customer | $2.85 | $2.82 | + 1.1 |

## BASIC INFORMATION AS OF JANUARY 31st

| | Not Yet | Available | |
|---|---|---|---|
| **Generating Capacity (kw)**—Steam | | | |
| —Water Power | | | |
| —Internal Combustion | | | |
| Total Generating Capacity in Kw | | | |
| **Number of Customers** | | | |
| Farms in Eastern Area (Included with Domestic) | (778,027) | (578,720) | |
| Farms in Western Area (Included with Commercial—Large) | (279,988) | (216,550) | |
| Domestic Service | 21,775,329 | 21,080,592 | |
| Commercial—Small Light and Power | 3,816,919 | 3,720,269 | |
| Commercial—Large Light and Power | 560,182 | 507,058 | |
| Other Ultimate Consumers | 69,629 | 65,764 | |
| Total Ultimate Consumers | 26,222,059 | 25,373,683 | |

* By courtesy of the Federal Power Commission, with deductions for certain plants not considered electric light and power enterprises.

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EDISON ELECTRIC INSTITUTE BULLETIN

Volume 5 APRIL, 1937 No. 4

# The Fourth Annual Sales Conferences

## Greater Achievements Predicted in Stimulating Sessions

By C. E. Greenwood

*Commercial Director, Edison Electric Institute*

THIS will be a record year in sales accomplishment by the electric utilities. The concept that kilowatt-hours must be *sold,* and that the proverbial "tracks to our doors" will only be made by that group of buyers to whom the electrical way of doing things also has been *sold,* is taking root even among executives of traditional philosophies on utility growth. Manufacturers are selling with double the number of better trained men. Other branches of the electrical industry are thinking cooperatively toward profitable sales. Other trades are more closely acquainted than ever before with the advantages to be gained for themselves in a cooperative approach to selling with the utility electrical energy which is so vital in our daily lives.

Broad thinking and planning has pointed out to these other groups the common stake in selling electricity which was non-existent in the minds of these groups before. The stage is set for large results. The selling power is behind organized plans which cannot fail to bring results.

Daily there are predictions in selling which are encouraging. A range factory is running on three eight-hour shifts; a portable lamp factory is taxed at maximum output to meet its orders; orders on the books now for air conditioning apparatus will keep the manufacturers at full speed for six months or more in advance; a manufacturer of water systems is running 200 per cent over last year in sales to date. While in 1936 the sales of automobiles had recovered but 70 per cent of the 1929 peak, electric refrigeration sales beat those in 1929 by 275 per cent. And yet refrigeration sales now are running well ahead of last year. These are straws which are coupled with weekly reports of energy output by the utility which show the curve moving continuously upward. The gears of the electrical industry sales machinery are well oiled.

Not all these equipment sales can be translated into kilowatt-hour sales for the electric utilities. Of the refrigerators sold in 1936 it is estimated that at least 10 per cent were replacements; 25 per cent of the washing machines; 73 per cent of the radios, and one could go on similarly recording through the list. As replacements increase, and also as the energy output through household equipment drops, through improved operating efficiencies, the commercial executive is challenged with even a greater sales job, and must revise his quotas for equipment sales upwards.

The merchants and all other commercial enterprises have opportunity to expand their need for electric service. The possibilities in this field will stimulate the marketing mind to intensive action. In the larger commercial and industrial establishments the choice of purchased power as compared with private production of electricity is an ever-present question, and now more than ever the power engineer is called upon to hold present business as well as to search for new industrial loads.

With such large sales problems ahead and obstacles to surmount, it is not surprising that the Fourth Annual Sales Conference at Edgewater Beach Hotel, Chicago, on March 30, 31 and April 1 brought the largest attendance yet recorded at our annual get-togethers. There were 564 registrations from 32 states of the Union and Canada and it was generally conceded that the Conference was a "topper" from all viewpoints.

Chairman Davis M. DeBard of the Sales Committee, and the Program Committee, are to be congratulated on this annual check-up of problems confronting the industry. Two full days of presentations by authoritative speakers on subjects of leading import to the industry were followed by a full day's session for the presentation and discussion of industrial power and heating problems. This session was closed to all but utility men, and the papers presented will not appear in this special Commercial Number of the BULLETIN.

There were other meetings of importance on the day preceding the Conferences. On Monday morning, March 29, Chairman G. E. Whitwell of the Kitchen Modernizing Bureau opened with a round-up of the entire Bureau with 135 present. This was the Second Annual Meeting and outstanding were the reports of accomplishments in the districts assigned to Regional Directors. Last year Projected Plans of action were the order of the day. At this meeting Mr. Whitwell took inventory of achievement. Sixty-two local Bureaus had been formed and as many more have been established as a quota for 1937.

Of especial interest in this meeting was the indication of close understanding in cooperative building of the manufacturer members concerned in these joint national committees. The meeting of minds on the needs of each group, and the will to get on common ground for

profitable sales results was evident. The utility is the only branch of the industry dealing direct with all electrical consumers. It is the only unit that is not competitive. It is obviously sound therefore that any national and local joint sales activities should be in the utility branch, and this theory prevails. For that reason there is an obligation on the electric utility to participate locally in national sales programs to such degree as the plan may be applied. Other association sponsors speaking of the business-getting value, and favoring cooperation, were Herbert P. Sheets, Managing Director of the National Retail Hardware Association and Roscoe R. Rau, Managing Director of the National Retail Furniture Association.

At the General Sales Conference, Mr. Whitwell made his report for the Bureau activities *ex tempore*. Therefore his presentation does not appear in this issue of the BULLETIN, but a more complete report of progress of the Kitchen Modernizing movement will appear in a later issue.

At a meeting of the Executive Committee of the Better Light-Better Sight Bureau, Chairman M. E. Skinner built up with the Committee a course of procedure for the Bureau for 1937. This healthy movement, now in its fourth year, is dealing with fundamental education in the use of artificial light by all people in all places. Starting with scientific standards for the relationship of light and good eyesight, the job ahead is to harmonize these with the reaction of a skeptical public and its natural thrift complex in the use of electricity.

Mr. Skinner and the Committee reemphasized the value of progressing along educational and social lines as the soundest means of gaining commercial advantages which must follow successful accomplishment.

The Annual Meeting of the entire Better Light-Better Sight Bureau will be held again this year in early August.

On Monday afternoon Miss Florence Freer, Chairman of the Household Economics Committee, held an open meeting of her Committee at which formal presentations were made by authoritative persons on subjects of leading interest to women engaged in the home service field. An attendance of 130 indicated the wide interest in the work that women in the home service field are accomplishing. It was a stimulating afternoon with definite ideas crystallized for a course of procedure during the coming year.

MR. GREENWOOD

The same day eleven organization committees held meetings and the day closed with a meeting and dinner of the Sales Committee at which Chairman DeBard presided, discussion continuing until eleven o'clock. Committees this year are making intimate studies of the different classifications of our business with a view to their importance; methods of intensification in selling; necessary organizations; the hurdles that must be made to reach the objective in volume sales, and especially with an eye on net revenue. There was distributed at the Conference a REFERENCE MANUAL OF COMMERCIAL ORGANIZATION AND SALES ACTIVITIES which contains a résumé of the scope of the activity and the progress of these Committees.

**HANDBOOK OF INTERIOR WIRING DESIGN**

**Favorable acceptance of the HANDBOOK throughout the country and by utilities, manufacturers, wholesalers, contractors and educational groups is indicated in the immediate demand. Within the first six weeks orders have been received for 25,000 copies.**

An outstanding feature of the General Conference was the formal luncheon at which Mr. C. W. Kellogg, Chairman of Engineers, Public Service Company and President of Edison Electric Institute was the scheduled speaker. It was pleasing to have our President with us during the sessions of the Conference as well as hear his stimulating address which was so enthusiastically received. Mr. J. E. Davidson, President of Nebraska Power Company and President of the Association of Edison Illuminating Companies, intimately known as an enthusiastic friend of commercialism in the utility industry, was present at the luncheon and spoke briefly on the value of national cooperative programs as exemplified by Better Light-Better Sight and others now promoted through the Institute.

Two entertaining innovations were skits. One was a feature given as a part of the presentation by Julius Daniels which was possible through courtesy of Radio Corporation of America and National Broadcasting Company. The other was part of a presentation by M. N. Waterman for which we are indebted to representatives of Public Service Company of Northern Illinois.

Further diversifications in the program were the showing of two of the newer sound slide films, one entitled "It Can Happen Here," a production of the Kitchen Modernizing Program, and one entitled "Life in the Country," which is a visualization of the change to better living in the rural home by the installation of an electric water system and the availability of running water. It is important to mention here that three of the important national cooperative programs, namely, the Better Light-Better Sight, Electrical Housewares, and that on Running Water were regretfully eliminated from the program on account of the time element. Reference will be found to these in the opening address of Chairman DeBard.

The presentation by Kinsey M. Robinson on *Electric Water Heating Arrives* will appear in another issue of the BULLETIN.

The careful reading of the presentations of the speakers who made this Conference the success which general opinion declared it to be is recommended to all commercial men.

# Here We Are—Why Did We Come?

**By Davis M. DeBard**

*Chairman, Sales Committee, Edison Electric Institute*

**An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31**

IN the name of the Sales Committee, may I welcome you to this, the Fourth Edison Electric Institute Spring Sales Conference. I am happy to learn from the registration desk that we have with us representatives from almost every state in the Union and some from the provinces of Canada.

May I ask on opening this conference that you review with me some of the reasons for attending. Here we are—why did we come? Did we come to renew old acquaintances? Did we come to make new ones? Did we come to familiarize ourselves with successful promotional methods used in other states?

Yes, surely all these, but let us analyze further.

Executives properly ask the question—do conventions pay?

Now there is nothing new about conventions. They are as old as organized business. The convention has become to be a basic institution in modern industry and trade, because it serves a basic need. It has the most practical purpose of all education; the interchange of experience. It is a sound idea—a profitable thing to do. It brings each one of us an opportunity worth more to our companies than many times its cost, provided that we take full advantage of its offerings. Whether we get much or little out of these meetings will depend primarily on how we take advantage of it; how many new ideas and how much inspiration we take back to our organizations at home.

When it comes to learning the sales end of the electric light and power business, where do we seek our knowledge? Doesn't most of it come from our own trial and error method and from the experience of others? The old slip-shod days of hit-or-miss selling have passed away in this business. We no longer hire men and send them out to learn to sell by making casual calls. We give them training before they contact customers. We no longer just pick out some bright youngster to do our advertising who has no viewpoint but our own. We retain competent agencies. We are

MR. DEBARD

gradually developing a technique in planning, organizing and operating sales forces and sales programs.

Perhaps it is time we gave a bit of serious thought to this matter of acquiring ideas and experience from others, to developing this opportunity to contact men who can bring us the knowledge that has been evolved in other states.

Here we are—commercial executives from most every state. A chance to make new acquaintances—chance to cement old friendships and chance to take home new profitable ideas.

I have done much thinking on why we attend conventions and am giving you my thoughts as a starting point for your consideration.

Sometimes a cartoon illustrates a point most effectively. There is an advantage to simplifying a picture and concentrating one's attention on a few of the most important features. For that reason I am going to give you a sort of verbal cartoon of the usefulness of conferences. This picture is based on the way meetings impressed a friend of mine who was thrown into committee work when he first got into the sales end of the electric light and power industry. The values were so conspicuous for him as to emphasize effectively the points I wish to make. My friend was engaged in a highly specialized branch of utility selling. He had a good theoretical background but very little experience. He had read about what had been accomplished in other companies and was both inspired and amazed by these stories. It was hard for him to picture just how the results obtained elsewhere could be applied to his particular problem. The additional knowledge gained at meetings of this sort served to throw what had been a confused picture into a sharp focus. From personal contacts he got just the information which he needed. In no other way could he have discovered the personalities of the men who had done worthwhile jobs elsewhere. Knowing the men who had made sales history, made it easy to estimate to what extent these programs could be duplicated with the resources he had available.

Through listening to papers, personal interviews, questions and discussions he got needed information and a clear understanding of the way sales programs had been carried out. Questions and answers, friendly give and take discussions around a table, brought out just the points that had puzzled him. Another thing which the meeting did was to equip him for the future. He could use the accurate estimate of the men throughout the industry who were engaged in similar work. He knew whom to ask when he might need information in the future. These contacts, in other words, provided a sort of a human reference library. He gained an inspiration that he imparted to his own organization back home. It all constituted a priceless education gained in a few days which could not have been achieved short of months of work at his own desk or traveling around the country.

I have told this in terms of a man brand new to the industry but it applies to all of us because each one meets some phase of the industry work which is new to him and about which he wishes to be

better informed. Additional sales knowledge can be used by all of us.

Now we may possibly miss some of the value of this knowledge. If we approach this problem with a deadly seriousness, we are sure to miss much that is worthwhile at this meeting.

The program is of such value you'll want to listen to it. You'll want to talk with the others who are here. I am sure you'll take pleasure in giving them information which you have of value. Others will be glad to answer questions on plans which they have developed. Get better acquainted with your fellows in the industry, play a little but not enough to make you late for the morning session.

Let's make this conference pay a dividend. Mr. Greenwood and headquarters staff have worked diligently in the preparation of this program.

I had intended to outline the program which will take place during the next few days but it has been printed and you can read that information. The papers give you the thoughts and experience of those who have done an exceptional amount of work or who have some conspicuous achievements. It's a great program—it covers load building in the residential, commercial, rural and power fields. By making full use of your note book during the coming days, you'll take home many things of value to your organization.

Mr. Greenwood has prepared a booklet containing a list of all committees, the problems upon which they are working that you and your executives back home might become better acquainted with the work of the E.E.I. Sales Committee. You'll find this booklet in front of you or at the registration desk.

Mr. Greenwood has also prepared an exhibit of promotional material located just off the main lobby. Please be sure to look it over carefully.

Unless we have interested ourselves in these major cooperative sales activities, we do not realize the extent of the thought and effort given by manufacturer, utility representatives and other interested groups in the preparation and distribution of this material.

The effectiveness of our national programs is indicated in the desire of participating manufacturers to continue these as sustained selling efforts and to contribute funds with the utilities in this joint promotion. Only a part of this helpful material can be shown, but every one should give it their attention and note the results that are being obtained.

Time will not permit a complete report of each committee. I, therefore, want to call your attention to the activity of some of the committees not appearing on the program.

The Electrical Housewares Program starts its fourth year of activity under the Chairmanship of H. P. J. Steinmetz, Public Service Electric and Gas Company, Newark, N. J. For 1937 there will be two major concentrations much larger than any attempted previously.

As you know, the objective of this program is to revive greater sales interest in the smaller appliances, particularly the table cookery group.

Small appliances as gifts for the bride will be the theme for June. A fortunate tie-in with *House Beautiful* magazine has been arranged which will have mutual advantages. The Committee has taken a two-page colored spread in the June issue of that magazine and some of the cooperating manufacturers will follow this consecutively with their advertising on small appliances. The same general advertisement will be carried in the catalog entitled *Gifts for the Bride* which has many thousand copies printed and distributed by the publishing company. There will be advertising in the May issue of the trade magazines *Electrical Merchandising* and *Electrical Dealer* to stimulate the interest of the retail trade.

A Plan Book is ready for distribution and the attention of all those attending the conference are urged to view the exhibit where the promotional material that is at your service is on display.

The Electric Range Committee, under the Chairmanship of H. P. Megargee, American Gas and Electric Company, New York, have been working to develop a cooperative program but with no funds available. They have not been able to accomplish what they had hoped. Many surveys as to the profit accruing from the range are under way and it is hoped that this committee will be able to provide a paper for the June National Convention to be held at the Palmer House, Chicago.

Another cooperative program which enters its fourth year and has brought commendation of the participating manufacturers is the activity of the Electric Water Systems Council headed by P. H. Powers of West Penn Power Company, Pittsburgh. Your attention is called to a chart in the exhibit of promotional material which shows you the upward trend in the sale of electric water systems since the Running Water Program was created. The pump manufacturers sold 77,000 units in 1934, 108,000 in 1935 and 154,000 in 1936. A quota of 250,000 water systems has been set for 1937.

There are two very important features to bring out in this activity. The first is sales which have resulted, and the number of homes to which have been brought the advantages of better living that running water in the home can bring. The second is the utility-pump dealer cooperation which was practically non-existant nationally and locally when the program was launched, and which today is the basis of greater volume in selling.

This past month there has been distributed the Plan Book of the Electric Water Systems Council directed at the utilities, and also a very complete Plan Book and instruction book combined which the pump manufacturers have produced and distributed to many thousands of dealers.

Already 250,000 of that subtle selling story *Life in the Country* have been distributed to prospects through the utilities and another 100,000 are now available. You are all familiar with the animated sign which visualizes the slogan of the Council, and a new counter card has been prepared indicating that the utility is a cooperating member.

There has just been completed a most entertaining sound slide film with 95 slides and a *Life in the Country* story based on the booklet which has had such wide distribution. It will be shown to you this afternoon. Every utility company that has prospects for electric water systems should have one of these films for entertainment and information for all kinds of gatherings of rural residents.

This material is on exhibit and now available.

The Finance Committee, under the able leadership of C. H. Harold, Brooklyn Edison Company, is busily engaged in collecting data and studying this all-important subject. By the collecting and distributing of data, let us hope that more local banks and finance companies may become interested to the extent that they will assume the major credit responsibility of installment selling. The dealers and utilities can promote sales and the manufacturers be kept on a cash purchase basis.

A feature of the work of the Rural Sales Committee, under the Chairmanship of R. K. Derry, Ohio Power Company, Canton, Ohio, is the publication of *Rural Electrification Exchange* which is planned for bi-monthly distribution during 1937. This simply represents an exchange of the experiences of our utility companies in the development of the rural load.

The demand for this publication which was started about three years ago and sent to approximately 300 people has doubled. It is a means of keeping those in the utility industry advised on some of the important practices in selling electrical equipment in rural areas. F. W. Andrews, American Gas and Electric Co., is undertaking the editorship this year.

Our Wiring Committee was responsible for the creation of a Joint Industry Committee under the able leadership of E. A. Brand of Niagara Hudson Power Corporation, Buffalo, N. Y., which has recently completed the *Handbook of Interior Wiring Design*. Chairman Noyes of the Wiring Committee presented the proposal to the Sales Committee at its meeting on June 4, 1935. A Subcommittee of the Wiring Committee was appointed with Mr. Brand as Chairman and he successfully organized the joint industry group which has carried this comprehensive reference manual on adequate wiring to completion.

The first edition of 10,000 copies has been distributed and a second printing is ordered. This should be in the hands of every utility representative concerned in wiring development and sale, wiring contractors, architects, engineers and others interested in building construction. Seven other association groups joined with the Institute in the production of this handbook which represents more than a year of painstaking effort.

The Household Economics Committee, of which Miss Florence Freer, Brooklyn Edison Company is chairlady, is planning to publish a monthly bulletin for utility Home Service Directors. This bulletin to contain outstanding and interesting activities of home service and home lighting work throughout the industry. They are hopeful that they may assemble programs which are productive in load building as well as call attention to those that have not been so successful.

They plan to develop programs especially helpful to rural communities. This information will be welcomed by all those engaged in home service work.

The Better Light—Better Sight movement, under the leadership of M. E. Skinner, Niagara Hudson Power Corporation, Buffalo, N. Y., is now entering its fourth year of activity at an unabated pace. Enlarged utility lighting department personnels, better trained employees, increasing promotion of the Science of Seeing approach, improved lighting equipment and growing participation by allied interests in developing Better Light for Better Sight, are a few of the more important factors aiding in the steadily growing accomplishments of the movement.

In the expressed opinion and judgment of utility executives, educators, vision specialists and other important observers, the educational and human welfare aspects of the program so definitely proved of value so far, should and must continue to predominate in advertising, promotion and selling activities to hold the present and develop further public interest and acceptance. M. E. Skinner, Chairman, and the Executive Committee of the National Better Light—Better Sight Bureau, urge all utility commercial executives to consider this phase in preparing their Better Light—Better Sight activities for the present and future.

Well over 3,000,000 of I.E.S. lamps have been sold to date—a sizable number but as yet only scratching the surface of the potential market conservatively estimated by market authorities at 40,000,000 lamps.

In the opinion of the market experts, however, aggressive promotion and advertising should be continued consistently as at present until such time as all regular lamp retail outlets are completely convinced of the public's increasing interest and demand for lamps for better seeing.

Aside from the very large market for new lighting load in the 275,000 schools and colleges throughout the country with present-day standards averaging five foot candle intensities that should be at least twenty foot candles for comfort and protection of young eyes, the influence of good seeing conditions in schools is bound to be carried into homes by school children and standards of lighting raised therein.

Because the Better Light—Better Sight movement has made such splendid progress during the past three years there is danger to its complete success and fulfillment of objectives, in any tendency to consider that it has reached the peak—to feel that the public has really been made light and sight conscious—to believe that the momentum gained will now carry the movement along. As a matter of fact nothing could be farther from the truth.

The great rank and file of our customers haven't as yet the least conception of the relationship of good lighting to good sight—have no idea of the existing low standards of seeing in homes, factories and commercial institutions. A comparatively few have some vague appreciation. There is even the question if all of us in the seeing business have a complete understanding of the potentialities of Better Light for Better Sight.

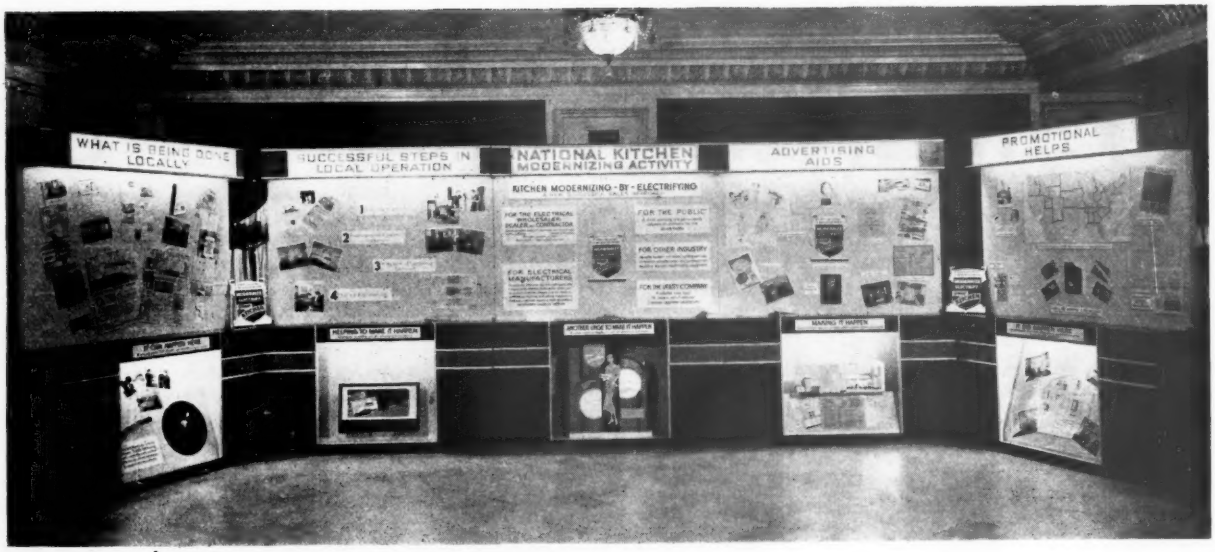
It is my firm belief that local and national activities should be continued aggressively and broadened whenever the opportunities offer. It would seem to be a short sighted attitude to fail to capitalize fully on the excellent start we have made in this great humanitarian program of public education on eyesight protection and the importance of adequate and proper lighting in it. I recommend to you continuation of the Better Light—Better Sight program in your respective territories on broad educational lines in conjunction with aggressive lighting activites. I, for one, would like to see a National Radio Better Light—Better Sight Program get under way.

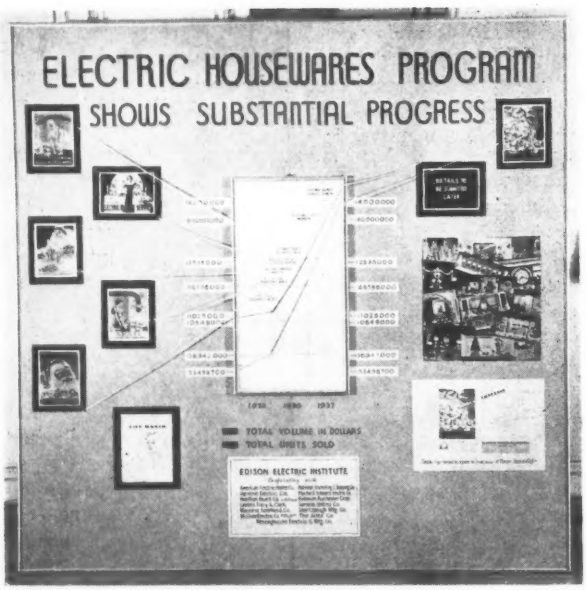
I will take this opportunity to thank, on behalf of the Sales Committee of the Institute, the many manufacturers that join heartily with us in these joint undertakings for the common benefit of the industry. We welcome you here in this Sales Conference.

In closing, may I repeat—Here we are—representatives of one of the finest industries in America, an industry that has brought better living to the home. An industry that has advanced the art of communication and entertainment until it touches daily most every family in America. An industry that has advanced the American workman to a high degree of production and an industry, if left in private hands, will continue its progress, its service and its benefits to humanity.

Why did we come?

Let's answer—to get new ideas and inspiration to help add more profitable load to our companies' lines during the next 12 months.


WHAT IS BEING DONE LOCALLY
SUCCESSFUL STEPS IN LOCAL OPERATION
NATIONAL KITCHEN MODERNIZING ACTIVITY
KITCHEN MODERNIZING - BY - ELECTRIFYING
ADVERTISING AIDS
PROMOTIONAL HELPS



*Displays of Promotional Material at the Fourth National Sales Conference*

# Luncheon Talk of President Kellogg

**By C. W. Kellogg**
*President, Edison Electric Institute*

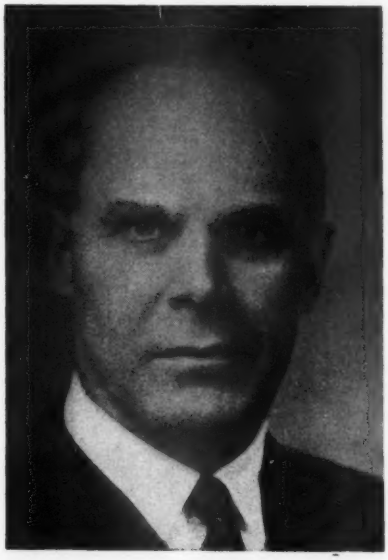
**A talk at the luncheon in connection with Fourth Annual Sales Conference, Edison Electric Institute, Chicago, March 31, 1937**

MY purpose in coming to your conference has been to learn, not to instruct, and for that reason I do not feel you could have called on anyone less fitted than myself to speak on this occasion. There is, however, one subject upon which I feel perfectly able to speak and which was my secondary purpose in coming to Chicago, and that is to express my appreciation and that of the industry for the unselfish and able work you have all done to prepare for and work out this great Sales Conference. I have done a fair amount of barnstorming around the country, and plan a substantial amount more before my term of office ends, for the purpose, among other things, of selling the Edison Electric Institute to its members. I wish the chief executive of every member of the Institute could be here today, for, if they were, they would have no doubt (if they ever had any) about how much they were getting for their money out of that institution.

The thing that will keep the Institute a living and useful institution is the fact that such a large part of its work is truly cooperative. The members themselves do the work, the Institute furnishing merely a forum or meeting place, or funnel (whichever metaphor you prefer) for mutual self help and improvement.

To come here and express the appreciation of the Edison Electric Institute of your sacrifice of time and effort in the great commercial effort of our industry seems to me the least I can do, and I want to express that appreciation in the strongest terms.

People say to me sometimes, but not often, "What do I get out of the dues I pay to the Institute?" Well, here is a practical demonstration of one of the most real and important values. I will not at this time go into the value and importance to the Electric Industry of the work done by the Institute staff, but I do want to emphasize the splendid work done by the committees of the Institute, of which the Sales Committee is outstanding because it is the most important committee concerned with the actual diffusion of electricity among the people of this country. Most of the other committees are concerned with the operating or construction details of the business.



MR. KELLOGG

Without the work of the committees, bringing to the entire industry the benefit of the concentrated thought and experience of its best men, unselfishly and unstintedly given, the work of the office staff would become in many cases academic and sterile. You are the men on the firing line who are in touch with actualities, and while it is a great satisfaction to feel that the Institute furnishes a forum where you can gather to make your experience of value to the whole Industry, yet I realize the labor and sacrifice involved in the committee work and thank you each and all most sincerely for your contribution to the common good.

May I offer a few rambling thoughts on the sales activities of our companies.

In the early days of the Electric Industry, sales activity was undertaken solely for the purpose of getting more business and thus supposedly increasing net earnings. Today, while this strictly commercial aspect of the matter is not overlooked, there is another and probably more important reason for sales activity in the electric business, namely the urge to get to the people in the broadest way and in the shortest time the blessings which electric service can confer in the way of lightened human labor and greater convenience in living.

In the realm of household service the ability of the well-nigh universal inducement rates to produce continually lowered average rates depends upon the greater use of electricity. This in turn depends upon the education of the public to the knowledge of what electricity can do for them. The dissemination of this knowledge is the essence of the salesman's job.

One might suppose that the knowledge of what electricity can do in the home is so widespread that costly and complicated sales effort could be avoided, or that the cost could be reduced; but it seems to be the universal experience of mankind (in our country at least) that even the most obviously desirable things have to be energetically sold. Probably one of the most universal needs is life insurance: for the average man who supports his family largely by the income from his own labor, life insurance is the only way to avoid his entire family being constantly engaged in gambling with fate, yet the spread of this essential protection is attained only by active and never-ceasing sales effort.

Many of us Managers of utility properties have in recent years been viewing with some misgivings the size of the amounts spent for sales promotion—amounts so large as to represent in many cases nearly a dollar spent for sales for every new dollar they produced in gross business. I believe if this were the only test applied we should find sales budgets rapidly shrinking.

Another question which assails the utility operator—who sees the truly admirable record of steady reduction in average residential rates met by jeers from a hostile government, which uses the taxing power to subsidize its own competitive activities—who finds attacks by his own government making it either difficult or impossible to raise equity money to support the financing of extensions—another question is, "Is it worth while?" Why spend huge sums

to extend the electric service when all we get out of it is more complaints from government and greater financial difficulties for our properties?

I am not unmindful of these questions, yet I think our only sound policy is to press onward to the goal of complete electrification as rapidly as may be accomplished. To my mind there are sound reasons for this conclusion. Let me summarize them briefly.

1. In the first place, growth is life. Growth stimulates all departments of a business, just as stagnation deadens them all. Strong aggressive sales policy has a lifting effect throughout the organization.

2. We must not allow a lack of appreciation by certain government departments to cause us to become either sulky or discouraged. Public sentiment changes—it will not always be the same. And in the meantime we should avoid scrupulously any possibility of our deserving public criticism for lethargy in the public interest. Let us stick everlastingly to our job in the firm belief that if we truly deserve public confidence we shall gain it in the end.

3. Actions speak louder than words. The electric industry has gained more lasting credit from the constant reduction in average residence rates which have resulted from aggressive sales activity than from anything else they have done in the last few years. In the last analysis it is really the only answer to attacks of critics.

In case some of you may think my remarks about the effect on the public of what we have already done to reduce average rates and increase average consumption in the home are pure Pollyannaism, let me give you some recent figures to back up the general statement.

The first of these are the replies to questionnaires sent out in December, 1936, by the *Industrial News Review* to editors of country newspapers throughout the country, 12,000 in number. They show the following results with regard to electric service:

| | | |
|---|---|---|
| Do you favor municipal ownership? | 73% *No* | |
| Do you think Federal development justified? | 76% *No** | (20% Yes) |
| Do you think the service rendered is good? | 93% *Yes* | (3% No) |
| Do you believe government ownership would give cheaper service? | 79% *No* | (13% Yes) |
| Do you favor the "Death Sentence?" | 74% *No* | (17% Yes) |

*National Industrial Conference Board in 1934, with 5,000 replies to 12,000 questionnaires, reported 72% *No* to the question "Does public opinion favor Federal competition with power companies?", *Yes* 25%.

These are convincing figures. No one could deny that the editor of a small newspaper accurately reports the opinion of his community. It is most significant to note that in the two years from 1934 to 1936 the replies favoring government competition in the electric business had dropped from 25 per cent to 20 per cent, a big difference in only two years. And these were the two years during which the TVA and PWA ballyhoo were the loudest.

The second set of figures is the score on popular local elections on municipal ownership country-wide in the last four years. These show the following results:

*Results of Municipal Plant and Franchise Elections,* **1933 to 1936**

*Number of Elections Held*

| | For M. O. | | Against M. O. | Total |
|---|---|---|---|---|
| 1933 | 78 | 70.3% | 33 | 111 |
| 1934 | 58 | 55.3% | 47 | 105 |
| 1935 | 66 | 60.0% | 44 | 110 |
| 1936 | 49 | 38.6% | 78 | 127 |
| | 251 | | 202 | 453 |

*Results Weighted by Population*

| | For M. O | | Against M. O. | Total |
|---|---|---|---|---|
| 1933 | 4,595,096 | 70.5% | 1,924,509 | 6,519,605 |
| 1934 | 3,904,134 | 63.3% | 2,251,362 | 6,155,496 |
| 1935 | 720,075 | 58.5% | 589,707 | 1,309,782 |
| 1936 | 1,572,697 | 27.4% | 4,162,188 | 5,734,885 |
| | 10,792,002 | | 8,927,766 | 19.719.768 |

The net increase in municipal plants established from 1933 to 1936 inclusive is 30.

A smaller number of municipal plants were established in this four-year period than in any previous four-year period since 1886.

Now these developments have occurred in the face of a public bribe by the Federal Government to any city wanting to take it (by the PWA and by the WPA of 45 per cent of the cost of a municipal plant) to complete with the existing plant; this is an outright donation by the Federal Government, with no interest charge and no obligation to repay to the Federal Government.

To my mind this result is as striking proof as any one could ask that the people of our country on the whole believe the electric service they are getting is as good and as cheap as is reasonably obtainable and I attribute this result in large measure to the electric utilities in recent years having everlastingly stuck to their knitting and having relied preponderantly on "saying it with service and rates".

Since the Federal Trade Commission investigation was authorized in 1927 up to the present time the average residence rate has been cut from 6.80 to 4.59 cents—a reduction of 32½ per cent—and the average annual use per residence increased from 444 to 740—a gain of over 67 per cent. All this has been in the face of our taxes in per cent of gross during the period having gone from 9.46 to 14.1—an increase of 49 per cent. The municipal ownership election score I have cited, in the face of bitter government attack, looks to me as though the American people have appreciated what we have done.

## New Promotional Organizations Will Serve Electrical Interests of Rocky Mountain Area

THE Rocky Mountain Electrical Association, covering Colorado, New Mexico, and Wyoming and parts of South Dakota and Nebraska, and the Electrical League of Colorado were consolidated on April 1. The new organization will be known as the Rocky Mountain Electrical League.

Guy W. Faller, president of the Rocky Mountain Electrical Association, was unanimously chosen to head the new body. Gaylor B. Buck will become chairman of the Sales and Promotional section.

A greatly expanded sales promotion campaign and provision for stepping up every other activity affecting the industry in the intermountain territory, including engineering, operating, and accounting, are incorporated in the 14-point program of the League.

George E. Lewis, has been appointed Secretary-Manager of the new League.

# Human Relations In Advertising and Selling

**By R. G. Kenyon**

*Advertising Manager, Southern California Edison Company, Ltd., Los Angeles, Calif.*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

HUMAN relations not more than fifteen or twenty years ago were fathers and mothers and sisters and brothers and in-laws and things of that sort, but under our present day set-up, human relations, at least so far as the electrical industry is concerned, have an entirely different meaning. Today they represent the basic problem of our business.

The normal mercantile agency, having as its sole reason for existence the sale of merchandise or service at a price slightly higher than it had to pay for the same merchandise or service, must of necessity do its best to make its customers think well of it; but if the customer should by some possible chance do otherwise than think well of it and it should lose that particular customer, it is not a major catastrophe, whereas in the electrical business, the friendship or enmity of even the individual customer is of paramount importance.

Our human relations are with one exception no different from those of any other institution attempting to do business with the general public and the basic difference between our human relations problem and that of any other business or industry is found in just the one word—monopoly.

Let us just consider for a moment a single incident in the domestic life of almost any man. He comes home in the evening and his wife meets him at the door and after the usual greetings, she says, "I am mad at Marshall Field's, Bullock's or Wanamaker's," or one of the big stores with which she has been doing business for some years. She goes on at some length and, of course, we listen. She tells us quite a story It appears that they lost a bundle, or sent the wrong size out, or there was some confusion on the part of some clerk maybe, or some general misunderstanding. At any rate, she is considerably perturbed and has made a few new resolutions of her own, one of them being, "I'll never buy another thing from ..... as long as I live."

Then there comes a period of maybe three weeks or four weeks or a month, maybe longer, in which practically any

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evening if you meet any friends, or go to a party, or you happen to be out anywhere, you will find that your wife has taken on the duty of publicizing this department store in her own inimitable fashion. The story finally kind of eases off and you don't hear any more about it. Then four or five months later your wife picks up a newspaper and there the first thing her eye hits as she turns the page is "Little Boys' Rompers for $1.95 . . . never sold for less than $2.00." The appeal in the advertisement is to a fundamental human urge, the possibility of getting something which you want at a lower price than was thought possible. And then she looks at this advertisement and says, "Oh! Oh! That's Marshall Field's, or Bullock's, or Wanamaker's, (or whoever it was)—and I'm mad at them." Now, don't forget that she has an opportunity to buy these rompers at a price which she never had before, and don't forget that she needs the rompers, for the little boys, and don't forget that she is a human being, so she says to herself, "If I go down town and go into the store and pay cash, they won't even know I was there." That is precisely what she does and her motive for that is just as normal, just as human, just as natural as can be, and in less than sixty or ninety days she is back in the old groove—they are back in her good graces and business goes on as before.

But you get Mrs. John Public into the office to pay a light or power bill to her electric company and some clerk makes a mistake in the handling of her account, makes some kind of a statement which "riles" her, claims that she has not paid last month's bill or something like that . . . and what happens . . . she leaves that office and then she goes home and she says to her husband in the evening, "I'm mad at the electric company and we won't do any more business with that company . . ." and then she stops because she knows that they have her, because she hasn't any choice. In thirty days she gets a light bill. Another thirty days and she gets another light bill. Thirty days more and she gets another bill. You have a continuation of an harrassing process on a human being who has already been made angry once—you have a human being who feels that she has been ill-treated and that she has a perfect right to enjoy a little righteous wrath. But she is definitely estopped from continuing her one woman boycott because what she is buying is a necessity and the electric company is the only purveyor of that necessity. There is a continuous agitation. Here is a sore spot in your customer group. The utility need never look for any helping hand from that woman or any of her family. It is people like this, multiplied many times, that are the real danger to the utility group in its battle against the encroachments of the proponents of government ownership, for without a fairly large group of dissatisfied customers, no agitator of any type can get anywhere with a radical program.

Utility advertising because of the nature of our business must of necessity be carried on on a high plane and must be of such a character as to leave no openings for criticism. A utility advertising program must have as its aim a genuine sincerity and a belief in its goods. This means belief in the essential rightness of our business philosophy

—in private initiative backed by private capital and all of the attending conditions.

The obvious functions of the advertising of a public utility are: (1) To keep the value of the product and of the company itself continuously before the public; (2) To help the customer see and understand the advantages of increased use of electricity. For this purpose you may use any of a number of psychological approaches to the group mind. You may use the fear approach, the pride of ownership approach, the testimonial approach or good old price appeal.

There is very little question but that the fear motive produces definite selling results. It makes no difference, apparently, whether you are frightening a man into buying more life insurance or into buying an automobile with safer brakes or an antiseptic that will help him in his life-long battle against the vicious attacks of any number of well-known microbes or preserve him from purely social ostracism, à la Listerine, the fear motive is universally effective.

We had a rather interesting case some years ago, when the industry was putting on the 50 degree refrigeration campaign. One piece of copy which seemed to click in a most effective manner was an advertisement which carried an illustration of two bottles of milk. One bottle of milk was labeled, "Under 50 degrees" and was clean and fresh and appetizing looking. The other bottle of milk was labeled, "Over 50 degrees" and popping out of the top of this bottle were great big microbes—big as rabbits. Now this was an absurdity, but it did its part to acquaint the average citizen—and he is the fellow we are attempting to reach—with the fact that if his milk bottle were not kept chilled to 50 degrees or below, that there was a definite danger that when his little boy or his little girl or even he himself drank milk, he was imbibing these frightful creatures. Now, that is a straight out and out fear story, and there is no two ways about it—it does work.

So far we have been talking of the effect upon the customer. There is another value to advertising which many times we are inclined to overlook and that is the definite selling value which it has within our own organizations. If any company employee can be further sold upon the values and virtues of their own institution and of the products which it promotes and sells, then that employee has automatically become a better employee. There is an obligation on the part of those responsible for the advertising program of the utility that the program be publicized to—I might even say, *sold* to—the employee group. These people in the rank and file of the organization are on our team, and they must be lifted up, bolstered up, or sold, as it were, on our program and on our company, for they are, of course, all subjected to the same barrage of political and economic propaganda which is continuously being poured upon the general public in an effort to promote the idea of municipal ownership and all its "virtues". So I say that there is a definite reason that when the advertising program has been framed, the material put together and it is ready to be used on the general public, that it first be presented to the employee group.

With reference to copy for a utility advertising program, all the rules are, I think, extremely simple. To begin with, the copy must be simple, but it must live. It must be timely. And the approach must be interesting and informative. Speaking of copy, there is a continuous warfare under way between the exponents of long copy and short copy. Personally, I am sure of this one thing—that if a man has a stomach-ache, he will read a full page of copy on paregoric. I feel the same way about a woman who has become interested in the modernization of her home. I think she is going to be willing to read a vast amount of material about the electric range or the electric refrigerator or the electric water heater, just so long as it is informative. The mere chanting of a ritual in the form of advertising copy might have some slight value, but in my opinion is not suitable to produce the proper mental reaction of the consumer group today.

They tell us that a good actor is one who has a proper concept of timing and there is no more essential element of good advertising and good advertising technic than proper timing. What clicks today and actually produces results today may or may not do that same thing for you a year from today, or even six months from now. Your consumer's mentality is continuously under a barrage of all types of mental molding processes and as the mind of your consumer group evolves, it becomes subject to different appeals and will react to different appeals.

There are times when straight factual matter has the greatest appeal. There is a time when the judicious use of humor in an advertisement is indicated. We have attempted to inject a certain element of what we think is humor in our advertising program and have had rather favorable reactions from it. Extreme care, of course, must be used in attempting levity in utility advertising. I remember one time we used a head in which we said, "Don't treat your eyes like step-children." Shortly thereafter we received a very courteous letter from an obviously cultured woman, who said, "I wish to register a protest against the continued use of the word, "step-children" in a derogatory sense. I happen to be a step-mother, and this age-old belief of a step-mother abusing her step-children and treating them with disrespect has made it harder for me than it ordinarily would have been. I think that most step-mothers love their step-children and wish to be loved in return. So won't you please cease handing down to posterity this fairy-tale tradition, and remember that we are living in a modern age and that people are trying to improve their actions along with the models of automobiles?" This does not tell you much, except to indicate that in practically anything you do in advertising a utility or its products, great care must be exercised lest in your efforts to make your copy more pungent, more potent, you tread on someone's toes. Of course, we took the opportunity to make a friend out of this woman.

Then, again, there was the case of a series of ads which we used, in which we placed people in absurd situations and had someone offering them free advice. I remember one little cartoon of a man falling from an airplane. On his way down he passed the window of what was obviously an apartment house. There was visible through the window a woman burning up something in a frying pan, and as the unfortunate victim of the airplane accident passed this window, he cried out, "If you would get yourself an electric range, this wouldn't happen." Now, unfortunately for us, a newspaper in one of our cities running that particular advertisement, carried alongside of it a story of a gas explosion in a home, which had occurred the previous day. It has been rather difficult for us to convince some people that we were not attempting to capitalize upon the misfortunes of our good friends in the gas business.

When humor is carefully used at an

appropriate time and in an appropriate manner, it is a delightfully keen weapon. I am reminded of an interesting bit of advertising which I ran across in one of R. H. Macy & Co.'s advertisements in a New York paper. Buried in rather small type in a 58-inch advertisement covering such winter goods as weather stripping, ash cans, electric heaters, furnace clocks, and the like, they let loose with this choice bit: "Macy's $1.99 heating pad is a fine bedfellow for cold winter nights, but don't let us intrude if you've made other arrangements." Now, this served the initial purpose for which they bought the space. It told the story that they had a warming pad which they would sell you for $1.99. But it did more than that. It unconsciously left the impression in the mind of the reader that here was a human institution that was getting some fun out of its business life and that is a favorable impression for R. H. Macy & Co. to leave with its customers.

Of course, all of this leads up to the third and the real reason for a comprehensive utility advertising program—our human relations problem. I do not want to appear to "Pollyanna" a group of this type, but I am certain that the basic reason for good human relations, friendly relations, sound relations, is a proper mental attitude within the industry itself. We all know that our human relations are essentially dependent upon our own sincerity. Our type of industry exists for the purpose of serving a necessity to all the people. We must keep absolutely clear of any impression that there is any effort being made to "put one over" on anybody. Don't forget we must go back to our customers month after month, year after year, and service their accounts, get money from them and keep them happy. We cannot allow ourselves to become so wildly enthusiastic over the direct selling efforts of our respective companies that we forget that we are still a utility, with all that that fact implies.

When a consumer buys from a normal mercantile outlet, there is a certain amount of "let the buyer beware" philosophy that takes him in and out of the store; but when he buys from a power company, this philosophy seems to leave him entirely. When we sell, we must be sure that we sell clean, that we sell intelligently and that we sell without even the slightest semblance of pressure. That is one of the reasons why the commission salesman is a hazard in our power company selling drives, because as you all know, a commission salesman is not working for the house, but is definitely working for himself.

In the advertising program of a utility, a continuous effort must be made to reach the consumer's mind with the facts that we, as employees, know. We must remember that after we have reached him once, we must go back and reach him again and again and again, for the very essence of good advertising is repetition. They tell me that there are over three million people in the United States who have never seen an elephant. This fact alone augurs well for the continued success of the circus business. In our business we have a similar situation. There are brand new groups of people being born each day and each day there are vast numbers of people who are being told for the very first time the story of electricity and its values. The story may be old to us, but it is new to them.

The human mind is a very peculiar thing. We are all impelled occasionally to do things which are contrary and apparently irrational. Very few people will ever admit that anyone sold them anything. But as a matter of fact, when you get truly analytical and you look the facts in the face, there can be no question that we are all subject to the suggestive selling urges of the countless millions of advertising appeals. Just as an example: In this country there are today several million families owning electric refrigerators. Just take any one of them—Mr. and Mrs. John Smith—who bought an electric refrigerator last year. They will contend and firmly believe that they made up their own minds—they decided they wanted an electric refrigerator and they bought one. Now, the question which I want to raise is—how they first get the desire—when did Mrs. Smith decide she wanted one? We will go back to the beginning when Mrs. Smith is just getting nicely born. Here she is, a little teenie baby. She has no urge for an electric refrigerator—not then. Then you follow her through her girlhood—she gets to be 10 years old—15 years old—gets to be a young woman of 25. Then, today, she is a woman of 32. Now, what has happened in those 32 years? She has been subjected to an almost continuous barrage of thought-producing and thought-promoting sales urges on this, that and the other thing. Maybe a salesman talked to her about electric refrigerators. Maybe a friend bought one. Maybe she read an advertisement. But in any event, at some time in her life came an urge to have an electric refrigerator—just a little mental stimulus. That urge was fed by a repetition of sales messages and the resultant urges pushed her on until one morning she awoke and said, "I want one." And she thinks she thought it up herself. And so this very simple example of this continuous barrage of sales talk, sales advertising messages pointed at the consumer mind, tells its own story.

In the advertising field, we have of course a vast number of approaches that we can use to reach the consumer. We have all the standard media, the outdoor, the direct mail, the radio, the moving picture, the magazine and the newspaper. Let me just stop here a minute and give some idea of our own experience with one or two of these advertising tools. For instance, in the field of radio, we have for the last two years been using a domestic science type of program, a daytime program, every day, 15 minutes per day, from Monday to Friday, and we have had very gratifying results. In connection with our last canning contest, which we put on over the air, almost a thousand women sent in jars of marmalade as their entry. There is no question but that radio is becoming an important factor in our advertising world today.

Direct mail, of course, fits directly into the utility picture, the utility having the livest mailing list of any industry. We are great users of direct mail. Of course, in addition to the direct selling campaigns which we use, there are the house organs. We have one little house organ which goes out to our consumers each month with the bills. This is a little 8-page pictorial sheet, built to create a kind of "Popular Science" impression. An interesting episode in connection with the use of this house organ might be worth recounting. We use the back page of this 8-page bulletin for straight advertising messages. Several months ago, we carried on the back of it an offer to sell a new type of electric iron. This iron is quality merchanise and sells at a fairly high price. We sold in the neighborhood of 5000 irons, using our little house organ as the only sales message. Of course, everyone became immediately very enthusiastic over the remarkable results that had been obtained and it was difficult for us to convince these enthusiasts that it was not

just the white space and the ink on it on the back of the "Electrical Times" which had made this sale, but the merchandise "deal" itself, which was a natural, had a real selling appeal. There is no "black art" to advertising. If the merchandising "deal" itself is good, then advertise it and if it is not good, any effort made to push it will be lost motion.

In speaking about media, I feel that I should stop just long enough to give you some idea of the use of newspaper advertising in our schedule. In our organization we look upon the newspaper as the backlog of our entire advertising program. It combines to some degree practically all of the advantages of the other forms of advertising and has definite advantages which no other form possesses. The established newspaper, carrying our advertising message, enters the home of our consumer under more favorable auspices than any other form of advertising of which I know. It permits the telling of the complete story and puts this complete story on record. We are sold on newspaper advertising.

Just recently we made a different type of bid for the goodwill of our consumer group by having our annual meeting of stockholders broadcast over a network of stations covering our entire territory. Reactions from this, both from stockholders who listened in and from others, were all decidedly favorable. It is our opinion that this apparent "open door" policy cannot help but reflect creditably in our public relations with our constituent group.

The best comics in our funny strips in recent years have turned themselves into serials, each day's episode being complete in itself, but with just enough reference to previous episodes to build up a continuity of thought. In our attempt to sell merchandise, we have adopted a similar approach. About a year and a half ago, we inaugurated "step by step" arguments in our merchandise copy. In our territory there are many thousands of people who own an electric refrigerator. With this as an initial go-off, we by words and pictures built up the thought that this was the first step in their all-electric kitchen and each ad as it came along furthered the thought that it was time to "take the next step now." By serializing our advertisements in this manner, our entire sales story is measurably strengthened.

So far as we as utilities are concerned, we are in a most favorable position. We are selling something which is a good thing for the consumer to have. We are selling it at a price which makes electricity for domestic service the smallest single item in the family budget. We know that this is so—and the consumer must be made to believe this likewise. In our advertising we must emphasize the pride which we feel in our service, in our company. We must not brag; we must not exaggerate; but you can't sell something if you are not enthusiastic about it, and our advertising approach must reflect the very essence of enthusiasm. The advertising appeal should be tailor-made to the specific class of consumer at which the campaign is aimed. If it is the housewife, make a housewife appeal. If it is the farmer, it must be made so that it indicates a knowledge of the farmer's own point of view. Advertising, of course, must maintain continuity the year around. The spotty advertising program is a wasteful program. The utility is in business every minute of every day in the year and its messages, whether they be sales messages, or institutional messages, must be kept in the eyes of the public continuously.

Institutional advertising, of course, requires a certain technic of its own. It must be definitely sane and it must be temperate. It must not be controversial and, of course, it must not be defensive in tone.

Utility advertising must not savor of extravagance. People are too ready to raise the question, "Well, if they can spend that much money, why can't they lower our rates?" Of course, we know there is no direct connection between the two thoughts, but you find them together. Incidentally, in our company we have a president who reads any advertisement we use with just one question, "What does it sell?" It makes no difference whether it is a straight merchandising or a straight institutional advertisement, we aim to keep the selling idea constantly in mind when preparing our material.

We must present the story of our particular company just as it is—a human institution which is a part of the community in which it lives; that it is run by neighbors of the very people who are using the service and that it is an institution whose life depends upon doing the job and whose officials and employees are continuously conscious of this fact. Our whole task in a nutshell is to see to it that the public sees us as we are—no decorations—no false faces —no glorification—just the facts told with such enthusiasm, earnestness and sincerity that they will be read, heard, understood and believed.

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## Sound Slide Production Dramatizes Kitchen Modernizing

### "It Can Happen Here" Shows Why Up-to-Date Housewives Aren't Satisfied With Obsolete Kitchens

"IT Can Happen Here" brings the story of kitchen modernizing to the screen in convenient and dramatic form so that it can be presented without the use of standard motion picture equipment. It is a Vocafilm production, consisting of nearly a hundred pictures which are shown to the accompaniment of sound, both music and voice, produced from a record.

The presentation is designed to dramatize the reasons and advantages of the planned, all-electric kitchen in such a way that it can be readily shown before sales and consumer groups, or to an individual in his office or home. As an addition to the sales and promotional equipment of the dealer who sells kitchen equipment it should prove invaluable.

Heroine of "It Can Happen Here" is Betty Budge, a young bride. Her widowed mother-in-law, Mrs. Amelia Budge, has given up her home to the young couple so that she can travel around the country. Betty and her friend, Dorothy Andrews, point out ways to take the drudgery out of the antiquated Budge kitchen, but encounter stern resistance both from the mother-in-law and from Betty's husband, Bob.

Dorothy, who has already completely modernized her own kitchen, convinces Bob of the necessity for making things easier for Betty, and Mother Budge, visiting friends of girlhood days, is won over when she finds these very same friends of her own age planning to modernize their kitchens by installing electrical conveniences. Meanwhile Betty has called in the kitchen planning expert, and by the time Mother Budge returns she finds a new kitchen in place of the old, and discovers it is very much to her liking after all.

The combination slide film and sound record can be obtained from the National Kitchen Modernizing Bureau, 420 Lexington Avenue, New York, at $15 a set.

# Rural Electrification—Can We Make It Pay?

By A. C. McMicken
*Portland General Electric Company*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

I ASSUME a compliment was intended when I was asked to discuss "Rural Electrification—Can We Make It Pay?"—something like the compliment paid the bleary eyed tramp when the affluent stranger asked him if he could change a $50 bill!

Rural electrification and particularly farm electrification sponsored by R.E.A. has focused attention upon a problem which has confronted operating utilities for a great many years. The obligation of rural electrification is recognized, but many of the fundamental problems have not had the study and consideration they deserve. To extend electric service to the farmers of America on a wholesale basis in the shortest possible time without due regard to such fundamentals as the territory to be served, the ability of the various classes of farmers to understand and make profitable use of electricity in agriculture, or to pay for electric service and the necessary wiring and current consuming equipment, may seriously injure the program.

Some of the criticism of privately owned utilities for not having developed rural territory is justified, but on the whole the utilities have in many states done outstanding jobs, all factors considered, and have received little or no credit therefor.

The answer to "Can We Make It Pay?" depends very largely upon factors which vary greatly between states and, in many instances, within the confines of the same state, and present problems which each utility must solve for its own territory. Without discounting the alertness and aggressiveness of the utilities of California, which state has the highest farm electric saturation, the necessity for many months of irrigation pumping from wells in its fertile valleys has largely made rural electrification possible and profitable in that state. Rural electrification has also reached a high state of development in the fertile valleys of Western Oregon and Washington without the benefit of irrigation loads comparable to California, and in face of higher construction and maintenance costs in timbered areas, because of diversified farming, and the possibility of securing an average of from four to six and occasionally more farms per mile of line. In the dry farming areas of Central and Eastern Washington and Oregon where only wheat is grown on very large ranches, offering one customer to every two or three miles of line and only ordinary farm home and barn uses of electricity, large areas are unserved and will remain unserved for many years to come. Similar areas in Southern Idaho are now well served because federal and state irrigation projects have supplied the necessary water to these areas, resulting in diversified farming, better than average farm incomes and, therefore, the ability on the part of the farmers to profitably use and pay for the needed electric service.

MR. McMICKEN

I have cited the above examples in the territory with which I am familiar to indicate that I cannot undertake to answer the question "Can We Make It Pay?" without knowing the conditions to be met.

Considering the problem in its broader aspects, by and large the answer is "yes." To what extent rural electrification is made to pay depends first upon the definition of the word "pay," and second upon the policies and aggressiveness of the serving utility.

If by making it "pay" we mean producing net earnings the answer must be qualified; if on the other hand making it "pay" has the financial obligation of producing a sufficient revenue to prevent any "out of pocket loss" little or no qualification is necessary, while if we go further and concede that a slight deficit may be more than offset by the goodwill engendered and the development possibilities in electrified rural territory, we get an unqualified "yes."

The second qualification of the extent to which rural electrification can be made to pay, "the rural electrification policies and the aggressiveness of the utility" is not so much a matter of "can" as "will." If the utility is willing to lay down a rural electrification development policy of reasonable liberality coupled with a policy of real customer service, which is not so short-sighted as to stifle customer friendliness; if, in addition, it will pursue an aggressive rural development program with a staff of college trained agriculture engineers and farm service men who understand the utility's problems and policies and who are able to talk the farmers' language, the limits are only those of the requirements of the farms to be served and the economic status of the farming community.

In order to be more specific I am forced to present the experience of my company in rural electrification. It serves an area in the lower Willamette River Valley embracing some 2,700 square miles of more or less arable land, in six counties in Oregon and a portion of Clark County, Washington. There is but one large city in this area, Portland, with a population of 315,000; the next city in size being the State Capital at Salem, of 27,000; then dropping to towns of 5,000 and less and not many of these. While most of the Valley area is pretty well denuded of its original heavy stand of timber, a large number of farms are located in timbered areas

in or near the foothills of the Cascade and Coast Ranges, which increase construction and maintenance costs where the farm density is lowest.

1937 marks the twenty-third anniversary of my company's advent into the field of rural electrification as such. When confronted with the problem in 1914, we had no precedent to follow, and so far as we knew then no electric utility had gone much beyond the city limits in pursuit of business unless in territory immediately adjacent which was characteristically urban and was developed on that basis. We now have in operation some 2,800 miles of rural distribution lines serving approximately 30,500 suburban and farm customers, of which 12,485 are farms. A considerable portion of the 18,000 odd rural customers above mentioned, are suburban customers in close proximity to the corporate limits of Portland and some of the other larger towns served. The average density of strictly farm customers per mile of line is steadily decreasing as our lines are gradually extended into less populous areas, and at present we have an average of slightly less than five farm customers per mile of line.

The original rural line extension built in 1914, was a little more than a mile and a quarter in length and served seventeen customers. Today we would welcome the opportunity of building many miles of line with this load density and would do it without any urging on the part of the prospective customers and without any obligation on their part other than signing the customary service agreement.

Between 1914 and 1923, before the Public Service Commission of Oregon established line extension rules for all utilities in the State, we tried out and discarded several extension policies ranging from requiring the customer to advance all of the cost and use it up in service within two or three years, to a plan in effect today under which we finance and build on a 4 or 4¼ to 1 investment ratio on the basis of guaranteed monthly minimum revenues for five year periods, after which the tariff minimums apply automatically.

Initially our rural rates were considerably higher than urban rates, but since 1925 rural rates have been made uniform with urban rates for similar service, making it a little more difficult to make rural lines self-sustaining, but proving valuable in discouraging political agitation for the formation of farm cooperatives and People's Utility Power Districts in rural areas. At present our General Farm Service Rate is our regular domestic rate with a $3 monthly minimum, for which the customer may use lighting, cooking and heating appliances, and single phase motors to the carrying capacity of a 5 kilowatt stepdown transformer. If 5 kilowatts of transformer capacity is not desired, minimum charges as low as $1.00 per month apply, unless higher minimums are necessary to guarantee the investment ratio during the first five years.

This farm service rate for ordinary farm light and power requirements has done away with the complaints and misunderstandings arising from the former practice of having the farm home on the residence rate, farm power on a power rate, and possibly also the poultry buildings or dairy buildings on a commercial lighting rate if deemed commercial in nature. The average Willamette Valley farmer could not understand why he was forced to pay two or three different rates for kilowatt hours supplied through one transformer, but through two or three meters depending upon the use he made of these kilowatt hours.

Fortunately high standards of rural construction were initially established and have been maintained, proving correct our original theory that because of the remoteness of many of these lines, freedom from interruptions, good voltage regulation, and a minimum of maintenance were of paramount importance. We have continually considered and adopted means of lessening rural line construction cost without lowering quality, by means of longer spans; less expensive methods of transformer installation; and by contracting rural line construction where the traveling distance for our own line crews made labor and transportation costs excessive. We have in operation wherever conditions permit, spans varying in length from 300 to 500 ft., and have found that these long spans have less failures in timbered areas and due to sleet and wind than do some of the lines having shorter spans constructed in the early stages of this development.

Following the interruption in our rural line extension program occasioned by our country's entry into the World War, we established our Rural Service Department under the direction of a capable agricultural engineer, employing agricultural college trained men who not only work up line extensions under the Line Extension Rules, but who are continually bringing to the attention of our farm customers proven applications of electricity in agriculture, which will increase production or decrease labor or both. We have not been too successful in electrifying the farm home to the extent of selling any great number of electric ranges or other major domestic appliances although such sales are steadily improving, because most of our farmers have their own woodlots, and during the winter find it convenient to cut their own cordwood or haul saw mill waste which is burned for cooking and heating purposes. It is, therefore, necessary to develop other uses in order to produce farm revenues which place rural lines on at least a self-sustaining basis.

I presume our farm territory differs little from many others in that a fairly high percentage of farms offer little or no uses for electric service other than the ordinary farm home and barn lighting, domestic pumping, and small appliance use. We have many walnut, prune, and other fruit farms and still many large wheat farms which, as yet, offer little opportunity for the application of electricity for power purposes. We have, therefore, concentrated upon the dairy farms, poultry farms, bulb growers, and the like, who can make profitable use of electricity in agriculture, and who can be developed into the equivalent of commercial or industrial users to the point where the revenues from them will make up for the lack of revenues from farmers in the other classes. We believe that such farms offer the same possibility of making farm business pay as our 25 per cent saturation of urban domestic customers using electric ranges and other major appliances has made residential business as a whole pay.

With the exception of utility motors and occasionally brooders and soil heating equipment, our farm service men do not sell equipment but refer equipment sales to established dealers. As an example of some of the activities of six of our rural service men during 1936, I list the following:

Made 6,195 calls resulting in the addition of equipment with an estimated annual consumption of 1,011,000 kilowatt hours, with an annual revenue conservatively estimated at $20,000. Some of the load building equipment added is as follows:

38 small irrigation systems mainly for summer pasture and truck gardens; from 2 to 20 hp.
459 domestic water systems.
128 utility motor loads.
47 electric poultry incubators.
288 electric brooders.
30 dairy water heaters.
4 electric steam dairy boilers.
30 soil heating cable installations.
159 poultry house lighting installations.

In addition the Rural Service Department worked up 258 rural line extensions of varying lengths which, together with the addition of farm customers residing along existing lines but not connected, added during the year 1,287 new customers with estimated revenue from them of $32,663. Other development activities of the Farm or Rural Service Department, the results of which cannot be immediately translated into increased kilowatt sales, included cooperation with the county agents in farmer educational meetings, cooperation with the staff of the Experiment Station at Oregon State Agricultural College, and with the members of its Extension Service, cooperation with the 4-H clubs' farm electric program, and also with the Smith-Hughes program; assisting dealers in agricultural equipment for use on the farm, in promoting sales of the proper sizes and types of equipment, and last but not least, the adjustment of complaints from farm customers, all of which the rural service representatives are best able to do because of their ability to comprehend the farmer's viewpoint and talk his language.

We support our Rural Service Organization with advertising in rural and farm papers, featuring specific applications such as brooding, dairy water heating, etc., usually of the testimonial type quoting the satisfaction of a particular farmer; by demonstrations of silo filling, feed grinding, summer pasture irrigation, etc., conducted on users' farms to which neighboring farmers are invited; by motion pictures made and shown by our own men of farm electric applications in use in the territory; and by a monthly four page tabloid size paper edited by the Rural Service Department and sent to all farm customers.

We have not tried to make domestic appliance salesmen of our Rural Service crew, because we believe that this is also a specialized job and that our Rural Service men, acting in an engineering and advisory capacity, can do a better load building job if they have nothing to sell in the way of domestic or readily obtainable farm electric equipment.

I do not believe that rural electrification can be successfully carried out on a wholesale basis and be made to pay for a long period of time after the customers are served. Farmers are less familiar with electric service and its applications than other types of customers, and are slower to adopt new methods. For this reason the gradual but steady extension of lines into rural areas year by year, followed by constant educational work by trained farm service men in cooperation with all other agencies such as Agricultural College Extension Staff, county agents, etc., will, over a period of years, make rural electric service pay.

The following experiences during the "depression" years of 1930 to 1934 inclusive, on dairy, poultry, nursery and some general farms, when farm incomes were at the bottom, are presented in support of the above statement:

These farms have been picked at random in different counties in which we serve. Thirty farms in Multnomah County in 1931 used an average of 1,126 kilowatt hours each; these same farms in 1934 used an average of 2,780 kilowatt hours each—an increase of nearly 147 per cent. Thirty-nine farms in Clackamas County in 1931 used an average of 1,071 kilowatt hours, which had increased in 1934 to an average of 2,146 kilowatt hours per farm—an increase of nearly a 100 per cent. These same results were obtained in Marion, Washington and Columbia Counties.

After twenty-three years of rural development, the greater portion of which has been done since 1922, we now have 2,800 miles of rural distribution lines exclusive of transmission lines or special feeders; and we have or have service available to approximately 83 per cent of the suburban and farm dwellings in our territory. We now face the serious problem of further extending to the foothill farms on the east and west sides of the Willamette Valley where the density of customers is three or less per mile of line, where the farms are only partially cleared and developed, and where the incomes enjoyed are often too small to at present make such line extensions economically possible.

Our 2,800 miles of rural lines now serve approximately 30,500 suburban and farm customers who, during the year 1936, consumed 56,021,000 kilowatt hours and paid bills totaling $1,232,000, an average of a little better than $40 per customer per year. These figures do not include some commercial and industrial loads in rural areas such as sawmills, pulp mills, and other woodworking plants, but cover mainly suburban and rural domestic and farm revenues. Unfortunately, we did not have time to get from our Valuation Department an accurate figure covering the present value of this rural distribution system in order to compare the gross return with the investment, and determine to what extent our rural business actually pays. I believe it safe to assume, allowing for depreciation, the cost of the rural distribution system would not average more than $1,000 to $1100 per mile or a total of $2,800,000 to $3,000,000 from which we last year received $1,232,000 and from which the revenues for 1937 will be increased, conservatively, 12 per cent. I am firmly convinced that in our territory while many rural lines do not pay and may never pay, on the whole due to continued development of profitable uses for electricity in agriculture, our program will make this system pay if it is not considered to pay at present and, in the meantime, we will have the satisfaction of having brought the benefit of electric service to practically everyone within the territory we serve.

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## Smith Becomes Secretary, Empire State Association

By recent action of the Executive Committee of the Empire State Gas and Electric Association, George H. Smith was appointed secretary. Mr. Smith has been acting secretary for a brief period replacing C. H. B. Chapin who has retired from the Association's activities.

Mr. Smith is a graduate of New York University with a degree of B.S. in 1911 and C.E. in 1913. For fifteen years he was associated with the Central Hudson Gas and Electric Corporation in various capacities which lead up to Chief Gas Engineer and Assistant Electrical Engineer.

Mr. Smith has been associated with the Empire State Gas and Electric Association for the past ten years acting as its gas and electrical engineer. He has been an outstanding figure in the rural electrification program in the state. He has coordinated the activities of various committees of the Association in the Commercial, Accounting and Operating Sections and has represented the Association in most of its joint activities with other associations and groups.

# Coordinating the Merchandising Efforts of Utilities, Manufacturers and Retailers for the Better Service of the Public

By Channing E. Sweitzer

*Managing Director, National Retail Dry Goods Association*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

THE IMMEDIATE and future outlook for the increasing domestic use of electrical energy is one of optimism. This statement is partially based upon the fact that we are confronted with an inevitable nation-wide building boom. During the past six or seven years there has developed a serious housing shortage which the advent of better economic conditions and the restoration of public confidence will tend to correct.

We are told that there are approximately twenty-eight million residential buildings, divided almost equally between farm and urban dwellings. Based upon a one-hundred year period of usefulness, one percent, or two hundred eighty thousand of these dwellings become obsolete annually. Furthermore, it has been estimated that there are three and a quarter million homes today unfit for human habitation. Then there is the pent up demand for new houses, due to the fact that the construction of residences declined ninety-one percent, during the depth of the depression, from an annual peak of three billion dollars. And finally, we must not lose sight of the fact that approximately five hundred thousand families are created each year, and with the return of better times thousands of other families are undoubling and seeking living quarters of their own.

All of these factors augur well for the future use of electrical energy—for it is difficult to conceive of new housing construction today which is not adequately equipped for the potential use of electrical appliances so necessary for the efficient operation of the modern household.

We are also told that in addition to the potentialities offered by new housing there is an estimated potential retail volume of five billion dollars—exclusive of air conditioning—in the field of electrical appliances if existing homes in this country reach the point of twenty-five percent electrification. It has been stated that the annual consumption of electricity in the average home today is only eight per cent of the potential consumption in a completely electrified home. Therefore, it must be apparent that this tremendous potential retail volume in electrical appliances could be reached if the present use of electric current in the average American home were only tripled. Under present-day conditions, this is an objective which is not unreasonable or impossible of achievement if utilities, retailers and manufacturers of electrical appliances undertake sound and aggressive methods to bring it about.

MR. SWEITZER

I have no hesitancy in saying, however, that the attainment of this objective and the future development of the electrical appliance industry depends largely upon a workable program of co-operation and coordination of effort on the part of utilities, manufacturers and retailers. Such a program, whatever it may embrace within its scope, should be prepared and carried out with one dominating thought in mind, namely, better service to the public.

If we are to create increased consumer demand for electrical appliances, then each branch of the aforementioned trinity must understand clearly its objectives, must recognize its own particular obligations and be willing to cooperate with each other for the mutual advancement of all concerned.

In my estimation, it is the primary function of a utility company to generate and to sell electric current throughout its territory at rates consistent with a fair and reasonable return on its investment, namely, it should be the aim of every utility company to increase its load at all times and to seek new users and new uses for the commodity which it produces. In doing so, it is only reasonable to expect that utility companies shall be interested in the widespread use of electrical appliances and in the pioneering of new appliances which are seeking to gain public acceptance.

I think that the retailers and manufacturers of electrical appliances—and the public too—owe a debt of gratitude to the utility companies for the splendid work which they have done in educating the public in the advantages to be derived from the many time and labor saving appliances for use in the home, and we are particularly indebted to the utility companies for their intelligently conducted campaigns—often extending over a period of months and even years—for the purpose of acquainting the public with the merits of some new major appliance which has just made its initial appearance on the market.

No one can question the right of a utility company to increase its load through every legal and ethical means at

its disposal. No one wants to question the right of a utility company to make the public conscious of the important part which the widespread use of electrical appliances should play in the modern household.

And I may even say that no progressive and sound thinking person claims that there is a God-given right to anyone entitling him to be the sole distributor of electrical appliances, or any other item of merchandise representing the needs and wants of the consuming public. In the distribution of electrical appliances, it is reasonable and right to expect, however, that the competition of the utility companies in the sale of electrical appliances be placed upon a sound, fair and equitable basis. For years, many retailers have condemned the practice, which I believe is rapidly being abandoned, of utility companies selling electrical appliances which are no longer in the pioneering stage, at a loss by not charging to their retail merchandising activities all expenses properly belonging to that function, and absorbing these losses thus incurred in the rates charged for the consumption of current. Certainly, the utilities do not want to engage in any activity, some expenses of which they must conceal in the rates which the consumers pay. By the same token, I do not believe the utilities want to attribute success to their merchandisers of appliances if any are subsidized by charging some of the expense of merchandising in the rates for current.

As I have just said, I believe that any such practice has been generally discontinued, largely through the efforts of the Electrical Merchandising Joint Committee, consisting of representatives of the utility companies and retailers—organized five years ago under the chairmanship of D. F. Kelly, President of The Fair Department Store of this city, for the purpose of studying problems in the electrical merchandising field common to utilities and distributors. When this practice is entirely abolished—and I do not believe it exists to any appreciable extent today—the most important step forward will have been made in eliminating unfair competitive conditions in the distribution of electrical appliances and in engineering a wholehearted spirit of cooperation between retailers and local utility companies.

Now let us consider the part which the manufacturer of electrical appliances should play in securing wider consumer acceptance of his products. In my estimation it is the obligation of the manufacturer to work constantly for the improvement of existing appliances and to encourage the invention of new appliances which may fulfill a practical purpose in the average home.

Strange as it may seem from the standpoint of increasing the sale of electric current and appliances, manufacturers should strive to perfect their products so that they will be available at a lower price and will render a maximum amount of service at the consumption of a minimum amount of electric energy. I am told that some manufacturers of major appliances have made considerable progress in this regard; and that the electrical refrigerators produced in 1937 require less current for their operation than did electrical refrigerators produced three, four or more years ago. We all should recognize, however, the problems such developments place on the utility companies.

I think that it must be obvious to all that if a major appliance consumes current to the extent that it is a too heavy drain on the family budget—then that family is not likely to be a potential purchaser of additional appliances no matter how alluring their appeal may be in promoting the efficiency and comfort of a household. On the other hand, if electrical appliances are produced which lend themselves to economic operation—then we may be sure that more and more appliances of this character will find their way into the average home to the mutual profit of the utility company, the manufacturer and the retailer.

Manufacturers should ever be on the alert not only in perfecting existing appliances and in devising new appliances, but they must make special effort to turn out a product which is attractive and pleasing to the eye. The buying habits and merchandise demands are constantly changing—a fact which must be recognized by all progressive producers. The automobile industry long ago learned this lesson, and the automobile of 1937 is a far different vehicle in appearance and performance than the automobile of a decade ago. So today the automobile is not a luxury, but a practical necessity within the reach of all.

Great strides have been made in improving the physical appearance of the modern kitchen. Thanks to the appliance manufacturers, today the kitchen may well occupy a position as a place of beauty and comfort comparable with other rooms of the household. The modern kitchen and its auxiliary the modern laundry would leave a deep void in our daily lives if they should suddenly return to their status of a decade ago. Accordingly, I believe that no one will dispute the contention that it is the responsibility and function of the manufacturer to turn out improved products and new products which will lend themselves to efficient and economical operation, the relieving of the household of very heavy burdens, as well as contribute to the beauty and charm of the home. I believe the manufacturer recognizes this responsibility and deserves great credit.

* * *

As I have said before, there is no God-given right to any one to be the sole distributor of electrical appliances to the public; but nevertheless, since established retailers are engaged in the distribution of the daily needs and wants of the ultimate consumer—it is reasonable to regard them as the logical distributive agency of appliance merchandise.

No division of business is closer to the consumer than is that of Retailing. No division of business has a better opportunity of sensing new and changing consumer demand, or following the trend of money-spending and buying habits of the public than Retailing. The retailer is in daily close contact with the consumers of the nation—particularly with the women who run its households and spend approximately eighty-five per cent of the purchasing power devoted to the buying of consumer goods.

I am happy to say that progressive retailers today are alert to the possibilities afforded them by the vast potential market for appliance merchandise; and that the merchandising and promotion of electrical appliances in the department stores of this country, which I have the privilege to represent, are being done in a more intelligent and aggressive manner than ever before.

Department stores realize that electrical appliances constitute a specialized technical line of merchandise. As a specialty, we know that this line of merchandise cannot be subject to the same methods of merchandising, advertising, and selling as may be employed in piece goods, notions, ready-to-wear, shoe, or millinery departments. They

know today that they cannot tuck the electrical appliance department away in a far off corner in the basement, or place it on an upper floor which has little customer traffic and still expect to secure their share of the electrical appliance business in their community. They have learned also the value of dramatizing electrical appliance displays, the necessity for demonstrating the actual performances of appliances to their customers, and that the sale of appliances requires an intimate knowledge of the merchandise and special training of salespeople to a far greater degree than is necessary in many departments of the store.

From a merchandising angle, retailers must know the sales possibilities of each appliance and price line; what is the best time to promote each appliance; how to coordinate their promotion with the sales of homefurnishings and other lines in the store, how to get the most out of their interior and window displays; how to move slow selling items; when to take markdowns; how to handle "trade-ins"—all of which are necessary factors in securing volume at a fair and reasonable profit.

The promotion of appliances in a retail store should be an all-year-round job, and to do it well—Careful planning is essential and a larger promotional appropriation is required than is needed for many other departments. Retailers realize today that there is not a month in the year during which electrical appliances do not lend themselves to timely and aggressive promotions. Electrical refrigerators sell better in the Spring and Summer months than they do in mid-winter; electrical appliances are much in demand during the Christmas Season as gifts; radios can be successfully promoted during February and August; and Moving Day in October and Mother's Day in May all have their own particular promotional possibilities in the appliance field.

I am told that retail stores have made considerable progress in setting up model electric kitchens, laundries, and heating plants within the department itself. Where these model units have been placed under the supervision of trained salespeople and demonstrators, volume has been increased substantially due to the ensemble selling of two or more items needed to complete the electrification of the kitchen or the laundry in the home.

In the electrical appliance department, I believe that the selection of the right department manager and sales supervisor is most important, because upon the caliber and ability of these executives depend the efficiency of the rest of the department's personnel. Good management and intelligent sales direction can assure the success of the department; while poor management and indifferent sales supervision will certainly produce the opposite result.

I have no hesitancy in saying that unless a retailer plans to engage in the distribution of appliances in a manner consistent with the importance of this line of merchandise, he had better stay out of the field entirely. A line of merchandise which requires such expert merchandising, skillful promotion, good salesmanship, dependable servicing, and the granting of credit on a sound basis —cannot be handled by "hit or miss" methods; and should not be handled by a retailer who plans to resort to such methods.

I am happy to say that much of the progress which has taken place in the merchandising of electrical appliances in retail stores today is due, I believe, to the study of the Electrical Merchandising Joint Committee to which I previously referred. I think that the work of this Committee, which was participated in by both representatives of utilities and retailers, made retailers realize the importance of this line of merchandise, its potentialities, and above all emphasized that it constituted a line of merchandise which demanded special attention if it were to be successfully sold through established retail outlets.

While progress has been made in the merchandising of appliances in the department store field, nevertheless, we are willing to concede that there is still room for improvement.

As evidence of this fact, the Merchandising Division of the National Retail Dry Goods Association is now engaged in conducting a research survey on the sale of major appliances in member stores. This survey includes within its scope such important factors as the service policies of members; the important subject of warranties and guarantees and what they mean; the number of lines of various items carried; time payment plans; operating and merchandising statistics, and the percentage of sales for each type of appliance to the total sales of the department.

From this survey we hope to gain considerable information, which, when properly interpreted, will enable member stores to do a better job in the handling of major electrical appliances. I regret that this research study is not far enough along so that I could present some of its results at this time—for I am certain that they would prove of interest to this audience, just as we hope they will to members of the Association engaged in the distribution of appliance merchandise.

* * *

I know that the utility companies, manufacturers and retailers have given considerable thought to developing and increasing consumer demand for electrical appliances. Each group, acting more or less independently, has adopted its own method and has pursued diverse courses in accomplishing this objective. Some of these efforts have been effective and have accomplished results—others have met with only more or less mediocre success. Unfortunately, some have not tended to develop the necessary team work.

In consideration of the upward trend of economic conditions, and in view of the nation-wide building boom with which we are apparently confronted—although it may not get under way on a large scale until 1938 or 1939—I think the time has come when there must be wholehearted cooperation and carefully worked out coordination of the efforts of utilities, manufacturers and retail distributors of appliances, if all three are to reap maximum results from the great opportunities which lie before them in this field of service to the consuming public. I know of no field in merchandising where there is greater need for team work than in the production and distribution of appliances. With the exception of gas consuming appliances; automobiles, which require gasoline for their operation; and heating apparatus which requires the use of oil or coal as fuel for heating purposes—there is no other line of merchandise sold to the consumer which requires the constant use of another commodity, namely, electric current, in order to render it of use and service to the purchaser. Even the automobile or ordinary heating apparatus can hardly be placed in the same classification, because the users of automobiles and home heating plants usually have a wide choice of distributors from which they may purchase gasoline, oil and coal in their respective communities. But in the case

(*Continued on page* 133)

# Three Billion Dollars a Year Is a Lot

**By M. E. Skinner**

*Vice President, Buffalo, Niagara & Eastern Power Corporation*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

THREE BILLION DOLLARS a year is a lot. Even to our new deal alphabetical spending agencies it is a lot of money and to me it's just an incomprehensibly large sum. A dollar bill is 6⅛ in. long and if we paste three billion of them together into a continuous tape, using the odd ⅛ in. for a lapped joint, our tape would reach around the world at its equator ten times with many miles to spare.

If I could point out to you a $3,000,000,000 a year market, guarantee that this market will continue for at least ten years, and on top of it all show that if properly promoted you can be assured of a good slice of this business, would you be interested? Knowing most of you by reputation and many of you personally, I can easily visualize what would happen. You'd go out hammer and tongs and get your share of such a market just as you've always done before when similar opportunities developed.

And that being that, I'm going to show you where these three billion dollars are going to be spent. Many hands are going to dig for these golden dollars. We'd better make sure we're not late arriving.

All of us will concede that we now are experiencing a housing shortage in the United States. Rising rents and the return of speculative building activity tell us that we have rounded the building corner. The Department of Commerce reports show that residence construction has more than doubled from its low point of 1934. The New York *Times* on March 14 of this year stated that "We may assume a necessary building rate of 1,000,000 houses a year for the next 10 years." In setting an arbitrary average of $3,000 per house which is most modest, especially with prices rising daily, we arrive at the three billion dollar annual figure I referred to which is beckoning to us.

Maybe I'm optimistic. If I've used too generous an estimate, let's cut it in half. Its still a lot of money.

The building boom is a definite fact.

MR. SKINNER

Now then what are we doing to see that our services will be generously used. As utility men, we want these new homes and home users to use generously our electric service. Those in the appliance manufacturing end of the business want these homes to be equipped with their products. In this respect our wants are mutual. We both want our share of this business. Our fields do not conflict but rather closely parallel.

The extent to which our various utility services will be used in a home is determined largely by the facilities provided when the house is built. As this group clearly understands, a major obstacle to the sale of electric ranges, for example, has been the additional wiring necessary before they can be connected. The utility must either bear the cost of this wiring installation or be content with curtailed sales in territory where customers are expected to pay for this necessary installation.

More lamps for better light, more appliances for greater comfort are bound up in adequate home wiring. Women love all-electric kitchens, but hesitate to acquire them when it means tearing out walls and floors. Adequate hot water is necessary to modern home comfort. *How* it will be heated depends on our initiative and action. Air conditioning, the latest load builder, is something we must be in touch with from its inception.

Better Light for Better Sight depends on adequate wiring. The time to wire adequately is when the house is being built—not afterwards.

A complete modern kitchen is easy to sell and relatively inexpensive if planned when the house is being built. Later we'll have to sell it one piece at a time.

It is easier to install air conditioning when the house is being built than later. These are facts and are appreciated by all of us.

Conceding them, then the time to go after the business is when a building boom is in progress. And we are in one that promises upwards of a million houses a year for the next 10 years. Could any time be better for a concentrated drive on this market? Could any time be more propitious for us to capitalize on an awakened public consciousness in the home, its construction, its appointments, and its comforts?

Granting that we all realize that there is a golden opportunity present, is it really worth while to get moving on such a proposition, and if so, how worth while?

To prove that it is extremely worth while to make certain that every house built is provided with the facilities necessary to utilize properly our facilities, I have but to quote two figures. In 1936 the average residential use of electricity in the United States was 719 kilowatthours. The use in a modern fully equipped electric home would be at least 6,500 kwhr. Even granting that as yet our electric water heating problem has not been solved completely in urban territory, our kwhr consumption would still be 3,000 kwhr without the automatic electric water heater.

Our problem seems clear. We are faced with two alternatives in building our residential load. If we prefer we

can hack out that load piece by piece, like a mason with stone and chisel, by promoting and selling one appliance at a time. That road is a long one. It's a costly process, and above all, it does not build load quickly. Our alternative is to seek out a better way to accomplish an objective.

I imagine that most of you in analyzing what I have said have been saying to yourself that the industry collectively, and individual companies specifically have been active in promoting this field. That is true but our performance has been spotty. Numerous plans have been launched. Let me cite a few examples.

Many companies have developed model home activities whereby customers might see under practical operating conditions the various uses of appliances and energy, which they read about in our advertising—Edison Wonder House — Chicago demonstration — Oklahoma City — Denver — Indianapolis. The kitchen modernization movement has focused attention on such appliances as refrigerator, range, dishwasher, mixer, and so on. The General Electric Company's New American Home movement and the Kelvin Home program have done much to stimulate interest in our part of the new home market. The planning of these latter activities especially, represented a long range vision that gets to the very heart of this business of residence load building.

From time to time therefore we have had flashes which might indicate that our minds are running to the second alternative I mentioned—the home completely electrified at one fell swoop when it is built instead of the more difficult and slower way of hacking away with one appliance at a time.

For a while we were active in the promotion of Red Seal Wiring until the volume of new construction dwindled and our interest naturally lagged. Happily, interest in the wiring field has not completely disappeared. Witness the new Handbook of Interior Wiring Design just released by the joint industry committee. Eight different industry trade associations collaborated in the preparation of this handbook and in my experience it has the largest degree of industry support of any wiring recommendation ever promulgated. The National Electric Manufacturers Association have plans in preparation for a national adequate wiring program. This rekindled interest in wiring evidences a growing appreciation of its importance and the present timeliness of its promotion.

Better Light—Better Sight has probably come closer to paving the way toward better selling technique than most of our other activities. I say this not because of personal pride in the movement but because of the facts. Personal benefits accruing to the individual who accepted the science of seeing creed have been sufficient to produce an ever widening circle of sales. Large numbers of people having sold themselves the benefits of good lighting have then purchased lamps and lighting equipment without further effort on our part.

Now let us see if we can isolate the specific difficulties to be overcome if we are to obtain our share of the new building dollar. Many products and services go into a house. Some of these are essential to the construction of the dwelling, others may be much less important structurally but are more spectacular in arousing the interest of the owner, little things perhaps that gladden the eye, appeasing our vanity—so-called "musts" when we build. When building a home, the owner is faced with an endless series of compromises between his wants and his pocketbook. A striking illustration of this fact was disclosed by the housing survey recently conducted by Niagara Hudson Power System companies as part of their "5-Star Home" project. A questionnaire sent to 250,000 of our customers elicited more than 11,000 replies. These were tabulated and when Mrs. Jean Austin of *American Home* began the job of analyzing these questionnaires in terms of actual construction she found it utterly impossible to embody all the so-called "must haves" of the questionnaires and still stay within an average price class indicated at $7,500 to $10,000.

When a speculative builder is involved, *he* makes the compromise between wants and pocketbook *for* the future purchaser. Many times the compromise adopted is not to our best advantage. A game room at times gets the nod over an all electric kitchen—a graceful though unnecessarily expensive staircase takes the place of adequate wiring. A speculator makes his decision on *wants* vs. *pocketbook* according to his judgment of what the buyer so to speak "will go for." He'll go along with us, on wiring, air conditioning, automatic heat, planned kitchens, etc., only as far as his gambling instinct tells him he's right. Sure he'll build G.E. or Kelvinator homes when given sufficient subsidy, but he'll backslide in an awful hurry if he doesn't make money or if the subsidy is withdrawn. So once more we come to that old bromide—that's as true today as when John Wanamaker first uttered it "the customer is always right." His opinion will be the governing consideration.

If therefore our customer who now is about to build or buy a home is interested in the things which we have for sale, he'll build or buy with us (indirectly of course) in his mind. If in his mind adequate wiring, automatic heat, air conditioning, planned kitchens, automatic hot water become desirable things to have, he'll have them. Otherwise he'll go on spending his money for tiled bathrooms, flagstone terraces, fancy game rooms and similar extravagances which he really can't afford and then skimp our end of the job to make up for his folly. If we can put enough glamour into our part of the house, we will turn public opinion from a negative to a positive attitude toward our services when Mr. and Mrs. John Q. Public are building or buying. Then and *only then* will the speculative builder, the contractor, the architect give more thought to "our parts of the house."

So far I may have covered a lot of familiar ground and stated what to you are a lot of self evident truths. I hope you agree with what I've said, for if you do we are ready for the question—"What can we do about it?" As one answer, I want to tell you of the program we have set up for Niagara Hudson System companies and to offer it in whole or in part to the industry if you think well of it. I would have preferred to wait until I could come to you with proven facts on results obtained but two circumstances have prompted me to describe this program while it is still in midair so to speak. The first is that I have had so many requests for information or for permission to use some of the material I am forced to conclude that the interest is sufficiently widespread to justify an explanation here today. The second and more important reason is that the building boom is on us and those who propose doing something about it must act at once.

The plan set up for the Niagara Hudson System has resulted from a consolidation of many suggestions—made in answer to the query of whether we

should sit on the sidelines and watch the parade of building dollars go by "unwept, unhonored and unsung" so far as we were concerned or whether we should develop some aggressive interest and plan to assure our business its proper place in the public eye.

Here is what our plan proposes to do as stated in the presentation to our management:

1. To saturate our communities with information as to the part electric or gas service can contribute to better living. By so doing we create a public acceptance for our service. ("Roman riders" please note the flexibility of this plan in that it provides for combination gas and electric companies as well as for straight electric systems.)

2. To develop a proper realization of the value of our service and the importance of proper provisions for its use on the part of builders, realtors, bankers, architects and all others who influence new building or modernization.

3. To provide a permanent symbol and to give that symbol meaning, so as to enable the public to discriminate and to identify any properly equipped home. By the use of this symbol we can make it worth while for the building industry to enthusiastically tie in with our objectives.

4. To present a package of better living—just as a food manufacturer presents a package of food—by demonstrating the full use of our service in ideally equipped homes.

5. To assure that in our territory we secure our share of the building and modernizing dollar against the aggressive competition of other industries.

6. To accomplish all of this by means of a dramatic system—wide, coordinated plan operated in each of our three operating divisions. A plan which will.

(a) Form the nucleus for practically all company promotional programs in the home field.

(b) Develop a continuity to our efforts extending over many months.

(c) Provide a vehicle for unlimited favorable and effective publicity about our business.

(d) Identify the company with worth while local and national institutions.

(e) Make a substantial contribution to community welfare with inevitable benefit to our business.

The basic fundamental of our program is the development of a set of standard requirements with which a home must comply to be identified as a 5-Star Home; and a program of publicity, advertising, demonstration and sales promotion calculated to establish the 5-star symbol and name in the public mind and to sell its desirability.

As a focal point for the program, as the excuse for a lot of the promotional stunts we employed we plan to build three houses, one in each of our divisions headquarter's cities, Albany, Syracuse and Buffalo. That very fact is news. Why should any public utility company engaged in the sale of gas and electricity, suddenly decide to build houses? Why? To focus attention in a dramatic, yet practical way on five fundamental factors, without which we claim a house is not a home and upon which we must depend for full use of our service. We have termed them the 5-Stars of better living and so naturally enough we are calling our homes "5-Star Homes."

The five stars are:

First, "Wired for the Future." I hardly need to reemphasize the importance of installing adequate wiring when a home is being built. And note we say "Wired for the future." . .

Our second star is "Lighted for Eye Comfort." We don't want the homes of the future to reflect the same defects in lighting that are so glaringly apparent in most homes today.

Third, "A Planned Kitchen—Fully Equipped." Think what this means to us in load. The range, refrigerator, dishwasher, garbage disposal unit, ventilating fan and the host of other kitchen appliances. Think what it means to the women of the country in steps saved and drudgery eliminated.

The fourth star is "Automatic Hot Water Service." This is probably the most important single load opportunity for us in the home, yet accepted today in but a small percent of the homes in our lines.

And finally, the fifth star, "Inside Weather Control." This happy phrase was suggested by one of the women editors who is cooperating with us and interprets air conditioning in terms of personal comfort instead of machinery and equipment. Air conditioning represents our newest opportunity. Interest in it is sweeping the country, yet we have hardly scratched the surface.

Don't you agree that if a house incorporates these five features, it will qualify as one designed for better living? Or to put it the other way, can a house qualify as modern if it omits any one of the five?

Don't you agree, too, that we will get just about all the load there is to be had from a 5-Star Home?

The 5 stars belong in any house that is built, therefore, our five star standards must be flexible enough to be applied in a mansion or in a cottage. This being so we have developed variations in the standard specifications for various price ranges and for various comparative fuel costs. If a house is built to conform to these 5 star specifications or if it is remodeled to meet them, it immediately qualifies for the 5 star designation.

Writing the 5 star standards is easy, getting people to adopt them is the big problem. Like everything else that is new such an idea must be promoted vigorously, timed perfectly to get the maximum attention and surrounded by enough glamour and "stunt" features to make the public stop, look, listen; read, heed, and act. If our plan can hold favorable public attention long enough to create public opinion in favor of our stars, then we've got something and the road should lie smooth toward productive returns.

The creation of this favorable public opinion then is of prime importance. Something different must be done to start the ball rolling. That is why we are building three houses to demonstrate how desirable 5-star homes can be. These houses are forming the focal point for our publicity and advertising which is telling the story of our services in, we believe, a thoroughly unique manner.

The project must receive the maximum of public attention. That is essential. It must be developed in such a way that it will keep itself before the public for months. Here is how we are handling it.

Convinced in our own minds of the practical value of building these homes, we asked ourselves, "What kind of a house shall we build?" Everyone engaged in any phase of the proposition had his own definite ideas as to what we should have in the home. But as our customers were the ones to be pleased, we settled the matter by asking them what *they* would like. Rather obvious perhaps but strangely enough an idea that brought to us a most gratifying amount of publicity on the movement. For, after all, the opinion of 11,000 people on any subject is news, be it the opinion on the Supreme Court, the Dionne quintuplets, Mrs. Simpson, or on stewed apricots. *Architectural Forum* helped us to develop the questionnaire and we distributed it to about 250,000 customers. 11,000 people answered over 80 questions—no prizes were offered, no premiums for the best answers. This was serious business to us, but fun for people who told us by the number of their responses that Yes, definitely, people are home conscious.

The survey did several things. It

told us what type of home would have the widest appeal, it gave us a great mass of authentic information of value to the whole building industry, it educated the public as to the important elements in home building, and most of all it really excited public interest in the project.

With the survey in hand we found ourselves ready to plan our homes. To build a home we must get an architect. But remembering that we must keep this project constantly before the public in a dramatic way, we went to Mrs. Jean Austin, Editor of the *American Home* magazine, who agreed to plan the homes for us. In this way we received the benefit of her experience together with the prestige of having such an authority associated with the movement. More news!

The kitchen being one of the most important rooms in a house, so far as we're concerned, we singled it out from the rest and asked *Woman's Home Companion* through the director of their home service, Miss Ada Bessie Swann, to specify the equipment and arrangement for our 5-star kitchens. More news!

The furnishings of such a home presents, of course, a problem. Again we chose another national authority to round out this all star cast, and Mrs. Christine Holbrook, Associate Editor of *Better Homes & Gardens*, agreed to specify all furnishings. More news!

By enlisting such "name talent" we accomplished several desired features. It gave the project authority, it secured a maximum of both local and national publicity. It set a definite stamp of approval on the project. It gave it an altruistic flavor and identified it as a gesture for "better community living" whereas otherwise it might have been misinterpreted as a purely selfish move on the part of the power company tc increase its business.

Much publicity has, of course, accrued to the program and we have, I believe, made the most of it. In the November 1936 issue of *Architectural Forum*, for instance, Editor Howard Myers told the building industry of the survey and of the interesting trends it revealed. In paid newspaper space, bill inserts, and on the radio we offered readers and listeners free reprints of his article. Over 11,000 answered the call. In March, *American Home* told of the designs Mrs. Austin worked out for us. Over 40,000 reprint folders have been secured to fill the anticipated demand for this information. In the April issue of *Woman's Home Companion* readers were informed about the kitchens laid out for Niagara Hudson's 5-star homes. In April, too, *Better Homes & Gardens* gave a preview of some of the fabrics and furnishings which Mrs. Holbrook plans to use in furnishing these homes. After the homes are complete they plan to show photographs of finished rooms. In all cases the same policy will apply of calling attention to the articles by newspaper advertising, radio programs, store and window cards, bill inserts to company customers, and by regular newspaper press releases and photographs. All of these are calling attention to 5-star homes and driving home 5-star principles.

In mentioning the various promotional media which we are using, I have but sketched a few. A plan for newspaper tie-in advertising with national manufacturers has been worked out. National manufacturers whose equipment will be used in the homes are being interviewed, to determine how best they can take advantage of the program. To give you a better idea of some of the more important promotional pieces, I have arranged an exhibit in the rear of this room. I would recommend that you glance at them after the meeting if you have not already done so.

The idea is breaking through. Home builders are applying to us for assistance in wiring specifications, kitchen layouts, lighting surveys. Already builders are asking questions, and beginning to hint that maybe they'll adopt 5-star requirements as standard in their speculative homes.

We believe that we have hit on a winning idea. Instead of having to sell our service piece by piece, a range, a refrigerator, or a lamp, it begins to look as though within a very short time we shall have a large and influential group of our customers insisting that the building industry furnish them nothing less than 5-star qualifications. And if the public want them you can be sure the building industry will fall into line.

What about the 22,000,000 present wired homes? We haven't forgotten them. Any house can be brought up to 5-star requirements but it won't be quite so easy or so inexpensive in the case of an existing structure. But remember we are creating public desire for a 5-star home. If we succeed the owners of these existing homes will be forced into line. It is the new homes in any community that set the pace. As people move into them and become acquainted with their advantages, their less fortunate friends become envious and increasingly insistent in their demands for equal comfort. Landlords can't stand that kind of pressure very long, older property must modernize or stand idle.

When our 5-star homes are finished some time next June, we plan to demonstrate them by means of trained hostesses who will conduct groups from room to room—from star to star if you please. In this way once more by word of mouth and through the eyes we will drive home the salient features of the Plan, and impress on listeners' minds the necessity of including 5-star requirements as minimums when building.

To the new home owner then we are offering through the 5-Star Plan the key to his future home happiness by making it possible at the proper time, to embody in his construction those features of our service that are necessary if he is to get the utmost in home comfort and convenience.

And to the speculative builder we offer a number of important reasons for cooperating. Our program has already developed a lot of informatoin of value which has been made freely available to the building trade. We expect our program will accelerate a demand for quality housing. We have provided the builder with a fresh sales appeal and are giving him tangible support and assistance in turning over his property in return for his cooperation in adopting 5-star standards.

In order to control the local situation and prevent abuse of the 5-Star Plan by unscrupulous individuals, we have copyrighted the plan, the symbol and the standards. However, these will gladly be made available to any utility who wishes them. If the idea is a winner as we firmly believe it is, there might be some merit in organizing a 5-star program nationally. If a national bureau were created to sponsor it and promote it we would gladly turn over our copyrights and contribute our experience. They could then license utilities or local electric leagues to administer the plan in their respective communities. (Shades of the S.E.D.) Only essential fundamentals need be prescribed —the name—the symbol—a set of local 5-star standards and a locally devised program of promotion. The plan

would provide complete flexibility for the standards could be adjusted to suit local conditions and the promotional program likewise.

The 5-Star program enables us to apply flexible local standards to meet peculiar local conditions—yet it does not depart from the fundamental that our services are necessary for better living. It furnishes a symbol and a name which can form a rallying point for all promotion and advertising directed at this market. Thus can the manufacturer, wholesaler, dealer, contractor and utility direct their effort to a common end by developing greater acceptance of their product or service through the common denominator of the 5-Stars. Timing of course is of great importance in determining the success of any plan. We believe the 5-Star plan is correctly timed. It has been launched at the upturn of a business cycle. Adequate testimony is at hand to prove that residential home building is accelerating at a rapid rate. The experience of Niagara Hudson has definitely proved that there is a great public interest in the movement.

But best of all I believe it enables us to wrap up all our residence promotion in one compact package. By concentrating our energy and activities greater results should be accomplished. The industry has nationalized many movements with conspicuous success.

The Red Seal plan for adequate wiring was national in its scope. Lighting has its Better Light-Better Sight movement which has definitely proved that a national program is easy to undertake when all interested parties cooperate and where the promotion has color to catch the public eye. The Kitchen Modernization Bureau, doing admirable work, is making a national dent on the matter of kitchen planning, and inside weather control is admittedly the next big national movement.

So there you have your 5-Stars—some already developed, others in their formative stages, still some others barely conceived. Let's package them up in one bundle, offer them to the public under the symbol and name of the 5-Star Plan and get for ourselves our share of what may well be a three billion dollar a year business. That money is going to be spent—we can be sure of our share when customers begin to ask:

"Is it a 5-Star Home?"

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# Judges Appointed for 1937 Prize Awards

THE judges for the several prize awards administered annually by the Edison Electric Institute have been appointed for 1937 by Mr. Frank W. Smith, chairman of the Prize Awards Committee. The entries for the several awards are now being reviewed and announcements of the prize winners will be made by Mr. Smith at the convention in June.

The closing date for papers entered for the Byllesby, Forbes, Lindemann, and McGraw prizes was March 1st. The closing date for the Coffin, Curtis Hughes, and Martin awards was on April 1st.

The judges for the several awards are:

**H. M. BYLLESBY PRIZES**

Dean JOHN T. MADDEN, *Chairman,* New York University, Washington Square East, New York City.

B. F. BRAHENEY, Vice-President, Public Utility Engineering & Service Corp., 231 South LaSalle St., Chicago, Ill.

W. PAXTON LITTLE, Treasurer, Niagara Hudson Power Corp., 15 Broad Street, New York City.

**B. C. FORBES PRIZE**

J. F. OWENS, *Chairman,* President, Oklahoma Gas and Electric Company, Oklahoma City, Oklahoma.

BRITTON I. BUDD, President, Public Service Co. of Northern Illinois, 72 West Adams St., Chicago, Illinois.

D. C. GREEN, President, The Middle West Corporation, 20 North Wacker Drive, Chicago, Ill.

**A. L. LINDEMANN PRIZES**

EARL WHITEHORNE, *Chairman,* Assistant Vice-President, McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York City.

MILDRED A. NICHOLS, Director, Home Economics, Graybar Electric Company, Inc., Lexington Ave. & 43rd St., New York.

ADA BESSIE SWANN, Director, Home Service Center, The Crowell Publishing Company, 250 Park Avenue, New York.

**JAMES H. McGRAW PRIZES**

JOHN C. PARKER, *Chairman,* Vice-President, Consolidated Edison Company of New York, Inc., 4 Irving Place, New York City.

J. T. BARRON, Vice-President, Public Service Electric & Gas Company, 80 Park Place, Newark, New Jersey.

W. I. SLICHTER, Professor of Electrical Engineering, Columbia University, New York, N. Y.

**CHARLES A. COFFIN AWARD**

CHARLES W. KELLOGG, *Chairman,* President, Edison Electric Institute; President, Engineers Public Service Company, Inc., 90 Broad Street, New York.

KARL TAYLOR COMPTON, President, Massachusetts Institute of Technology, Cambridge, Massachusetts.

LOUIS H. EGAN, President, Union Electric Light & Power Company, St. Louis, Mo.

**AUGUSTUS D. CURTIS AWARD**

ELY JACQUES KAHN, *Chairman,* 2 Park Avenue, New York, N. Y.

HOWARD MYERS, Editor, Architectural Forum, 135 East 42nd Street, N. Y.

G. BERTRAM REGAR, President, Illuminating Engineering Society, 900 Sansom St., Philadelphia, Pa.

**GEORGE A. HUGHES AWARD**

SHELLEY TRACY, *Chairman,* President, Tracy, Locke, Dawson, Inc., 22 East 40th Street, N. Y.

Dr. HUGH E. AGNEW, Chairman, Department of Marketing, New York University, Washington Square, N. Y.

L. E. MOFFATT, Editor, *Electrical Merchandising,* 330 West 42nd Street, N. Y.

**THOMAS W. MARTIN AWARD**

PHILIP S. ROSE, *Chairman,* Editor, *Country Gentleman,* Curtis Publishing Co., Philadelphia, Pa.

T. K. QUINN, President, Maxon, Inc., 570 Lexington Avenue, New York City.

Dr. E. A. WHITE, Director, Committee on the Relation of Electricity to Agriculture, 58 East Washington Avenue, Chicago, Ill.

# Making Radio a Headliner for Emergency Sales

By Julius Daniels

*Sales Manager, The Edison Electric Illuminating Company of Boston*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

THERE seems to be a well-defined belief on the part of sales managers of central stations that, in order to increase the annual kilowatthour consumption per domestic customer, the sale of electric refrigerators, ranges, and water heaters would be most effective. There can be no argument whatever with this belief.

Those of us, however, who are engaged in attempting to sell those appliances realize the great amount of time and effort, advertising and sales cost necessary to accomplish this result. Is it not time that we stopped to consider whether the energy and thought that we have spent in this way are not obscuring the possibility of securing increased kilowatthour consumption from the use of other appliances?

It is necessary for us to do the great amount of promotional work that we are doing on ranges and water heaters, and which we have done in the past on refrigerators, because of the fact that the manufacturers of these appliances—the electric range and the electric water heater—and their retail outlets are not in a position to do this necessary promotional work.

There are, on the other hand, important domestic loads which have been built up for us by manufacturing and retail outlets, and—rather unfortunate to relate—because these manufacturers have done such an excellent promotional job, they and their products have been neglected by the central station. One of these loads is that derived from the use of motor-driven oil burners. I do not for one minute consider that the central station should sell oil burners, but I do believe that they should engage in a small way in promotional efforts to increase their popularity.

A shining example in this class of appliances, to which I must point, is the radio set. The manufacturers of this item have been extremely aggressive. The margin of profit has been good, and the popular demand high. As a result, with practically no sponsorship in its early days by electric lighting companies (as a matter of fact, it was almost frowned upon in many cities), we have more radio sets on our lines than any other electrical appliance. With such a high percentage of saturation, many of us may believe we can sit back and feel well satisfied that, here at least, is one appliance about which we need not worry. It has taken care of itself.

MR. DANIELS

To point to a parallel, however, I call attention to the activities of the gasoline and oil companies. The advertising, promotion, and sales efforts to sell automobiles eventually sells gasoline. You are all familiar with the splendid advertising programs that the gasoline people are sponsoring to increase the use of automobiles; such as safety in driving, better roads, the joys of motoring, the use of better gasoline, road maps, comfort stations, etc.

We could, to advantage, take a leaf from the books of these important and active manufacturers—the gasoline manufacturers.

### Radio—Unrivaled

Of all the electrical appliances in use in the home, with the possible exception of air conditioning, radio seems to offer the greatest possibility of future exploitation. In the old days, the one, three, or five-tube set was considered the ultimate. Today ten-tube sets are the standard, while sets with as many as twenty-two tubes are not uncommon. Sets such as these have an average draw of over one hundred watts, with a power factor of ninety-five per cent.

The possibilities of increasing the demand for individual radio sets is unlimited. We may look forward to a great variety of current-consuming gadgets attached to the radio; such as built-in lighting, cigarette lighters, electric clocks, remote control, electric phonographs, home recordings, and many others that seem to be a part of the immediate future.

I touch, with caution, on the subject of commercial television; but radio engineers have successfully demonstrated that "the marriage of radio and vision, the synchronization of sound and sight has been achieved in the laboratory."

Television in a practical sense, from the point of view of the public at large, has not yet arrived—but the fact that "it is just around the corner" has a right to be remembered in our considerations of this problem. Television will require sets consuming over 250 watts.

A few figures that I have just received from Mr. Carpenter, Economist of the Edison Electric Institute, may be worth recalling. In 1934, the estimated kilowatthour consumption by radios in the home was 825,000,000, or 6.5 per cent of the total electrical domestic consumption; in 1935, it was 1,584,000,000, an increase to 11 per cent of the total; and in 1936, the consumption was 1,670,000,000 kilowatthours, again 11 per cent of the total domestic consumption — higher than any other domestic load, except lighting and refrigeration.

For our own company, with 325,000 residential customers, we estimate that we have 419,000 radio sets, with a kilowatthour consumption of 32,300,000 an-

nually. This amounts to 15 per cent of our total domestic kilowatthour consumption, and is responsible for 15 per cent of our total income from domestic customers, or 5 per cent of our total income from all electric customers.

I do not need to call your attention to the fact that radio increases the activities in the home. It tends to keep people up later at night, burning more lamps and increasing the use of cooking appliances, oil burners, etc. It is one of those unusual appliances whose use is limited only by the clock.

Load curves of electric power companies clearly indicate that outstanding broadcast events attract big listening audiences, and boost the load substantially.

A comparison of our load on Election Night with the load of the previous night showed an increase in kilowatthours, over a period of ten hours, of over ninety thousand—an estimated added revenue of over $4500.00. The peak increase at eleven o'clock that night was twenty-thousand kilowatts over the same hours on the previous night. Assuming forty per cent of the added load was radio, this would indicate that there were at least one hundred thousand more radio sets tuned in on our lines on that night at that time than on the previous night at that time.

I have seen load curves of the Consolidated Edison Company—New York—for a prominent prize fight, where the total consumption was 341,000 kilowatthours over the previous night for the same period, and a peak over normal of 130,000 kilowatts. At a rate of 5 cents, this brought $17,000 additional revenue to the company. This would indicate, allowing just a part of this additional load for radio itself, that from 750,000 to a million more radio sets were tuned in on that night than on the previous night.

The daytime load curve of the Consolidated Edison on a World Series baseball game indicated that at least 500,000 more sets were tuned in that afternoon than on the previous afternoon.

These, of course, are outstanding programs, extensively publicized; but there are other programs every day in the week which, if publicized, would increase the listening audience and the kilowatt load.

I estimate that, if we could increase the use of the 419,000 radios on the lines of our company one hour more each day, we would increase our annual revenue $650,000. This is certainly worth making an effort for the potential results.

Radio also has another advantage, which this story about baseball will illustrate.

An acquaintance of mine was lucky enough to have a ticket to a game of the last World Series in New York. He was late in driving up to the ball park in his car and attempted to find a parking place. He found himself circling and recircling the scene in vain. Finally he hailed a policeman. The cop asked him if he had a radio in his car. Rather mystified, my friend answered, "Yes." "O. K., Buddy," said the policeman, "park your car here, near this hydrant. I'll watch it myself during the game. I know you won't mind, mister, if I listen to your radio."

### Radio Broadcasting

You are all familiar with the two general classes of radio broadcasting—(1) the sustaining, created and contributed by the broadcasting stations, and (2) the commercially sponsored, for which the advertisers pay.

In both cases, however, we are faced with the peculiar situation of where somebody else is paying for the cost of an entertainment that our customers *pay us* to hear.

The broadcasting people have never paid much attention to this fact, and it would, I believe, be well if we gave some attention to helping the broadcasting people.

We will all agree that radio broadcasting of today, as compared to that, say of 1930, is comparable to the great improvements in automobiles or in motion pictures. I believe you will all grant that everything is being done to make broadcasting of increased interest to the people of this country. Furthermore, improvements such as automatic tuning, tone control, short-wave bands, and combinations of radio and phonograph all seem to point to the fact that the radio set in the home will become the focal point of entertainment and home life of the future.

Today, sitting in the comfort of your home, a mere twist of the dial on your radio set will bring you the finest parade of talent in the world. Just suppose that the men and women who face the microphone could be brought together on Fifth Avenue, Michigan Boulevard, or Market Street. Swinging along in that parade would be the President of the country, the leaders of the important governments of the world, the foremost statesmen of America and Europe, the greatest orchestras and opera companies of the world, the outstanding stars of stage and screen, the greatest concert artists, the leaders in sports, stimulating educational, religious, and news features; somewhere in that parade would be something for everyone—no matter what his individual interest might be—and all of this can be had with a minimum of effort and expense on the part of the listener.

Suppose the pros and cons of slavery had been as well publicized prior to the Civil War as the question of the changes in the Supreme Court today. What would have been the effect on our history? If the proceedings at the Treaty of Versailles were broadcast to the far corners of the earth, would our attitude toward the World Court be changed? These are interesting speculations.

What effect television will have on this is impossible to say, although we can see that it will have an increased effect in making the home more desirable, more enjoyable, and the place in which we spend a large proportion of our waking hours. Television will bring Carmen, the Derby, and the Battle of Jutland to the drabbest home. The President of the United States will truly appear at the fireside. Without question, a great change will take place in our social ideas and our methods of thinking and living. We can either aid or retard this by a slight amount of effort in this field.

I have not mentioned the desirability of extra radio sets for different members of the family, but it is not too much to expect that each member, even as he has his favorite chair, his own room in which to sleep, will expect to use his own radio set to tune in on the increasing number of popular programs—either from New York or from Tokio, from San Francisco or from Madrid—at two o'clock in the morning, or at noontime.

Hardly an automobile is sold today without a radio, and there are many programs of interest to the business man, to the farmer, to everyone engaged in commerce or industry, that make it necessary to have a convenient radio in order to keep in touch with business affairs.

### Possibilities For Improvement

There are many ways of improving this great medium of kilowatthour consumption—

(1) The improvement of the program

itself, which by the weight of its interest will increase the number of hours people will listen. The daytime and late evening programs—"off peak" hours—will be particularly beneficial as load builders;

(2) More effective publicity given programs so that people will know what's on the air;

(3) Improving the reception through the purchase of new modern sets, or the repair of old sets in poor operation condition, or entirely inoperative. Statistics show that over forty per cent of the sets are obsolete, that a great many of them are in need of repair, and many are entirely inoperative—all of which materially affects the listening hours.

(4) Promote the purchase of a "second set" for the kitchen, the bedroom, the maid's room, the office, etc.

We have recently made a survey of some five hundred homes to learn their radio-listening habits. We found that ninety-nine per cent of the homes were equipped with radio sets, that in twenty-six per cent of these homes there was more than one radio set—sometimes as many as four. We found that radios either inoperative or working unsatisfactorily amounted to twenty per cent of the total. Ten per cent of the radios were used one hour a day; fifteen per cent, two hours; and twenty-two per cent were used three hours a day—a total of forty-seven per cent of the radios used three hours a day or less. In other words, fifty-three per cent of the radio sets were in use four hours per day, or more, giving a total average daily use of radio per family of 4.3 hours—somewhat less than the figure given in Dr. Daniel Starch's well-known survey. The average daily use of all radios was 3.1 hours.

While we have on the lines of the Boston Edison Company 325,000 residential customers, we have 419,000 radio sets, or an average of 1.29 radios per residential customer. We found that only forty per cent of these radios were tuned in on daytime programs. Practically all of our customers said that they were kept informed of the programs on the air through newspapers. We all know that very few of the newspapers give proper linage to radio programs. One customer told our representative at the time of the survey that the newspapers should publish more in detail what the program is all about and who the sponsors are. Without question, there is not sufficient publicity given to the programs.

We have become very much interested in the possibilities of building a greater radio load. Having in mind that sets must be kept in good condition to assure maximum listening interest, we have cooperated with our local radio and electrical dealers, putting on a campaign of checking up and repairing sets.

For dealers who are interested in going into the campaign, and who are properly equipped to handle the work, we have put on a direct mailing campaign to our customers. The dealers furnished only the letterheads—we did the rest. By this means we sent out eighty-five thousand letters offering a complete radio check-up for $1.50, to be made by the dealer.

We have just recently started another campaign—this time using a two-color broadside with the dealer's name imprinted. We expect to send out one hundred thousand of these. Window cards are also furnished to the dealers.

We are supplementing the mailing activities by having our lighting service girls call this offer to the attention of our customers on their regular calls at the homes. This affords an opportunity to discuss briefly the programs preferred by the customers, call their attention to our broadcasting programs, as well as other daytime educational and news programs. I should be very glad to send any of you gentlemen copies of our plan.

The results of this activity have been very gratifying to us. Many sets which were dead are again consuming current; other sets are giving better satisfaction; and new sets are being sold to replace many old sets—all of which increases the listening hours and results in more satisfied customers. In many cases, dealers who have refused to listen to any of our suggested cooperative plans have accepted this radio check-up mailing whole-heartedly.

Here are a few of the high-spots taken from reports of dealers engaged in this activity:

(1) Seventy-five check-up calls, with an average return of $5.00—found over fifty per cent of sets entirely inoperative—many new customers' names added to list.

(2) One hundred and ten calls, for which total revenue was $655.00—seventy per cent inoperative—dealer very enthusiastic.

(3) Electrical dealer reports additional contracting work through radio check-up work.

(4) One hundred sets serviced—thirty per cent inoperative.

(5) Dealer sold washing machine, refrigerator, and new radio set through the contact made by the check-up.

Many other reports go on in the same manner—all enthusiastic. Much goodwill is being built up for us with the dealers.

There is a possibility of an excellent promotional job by the retail outlets for radio sets, to be carried on along these lines. This is neither hopeless nor impossible. The retail outlets for radios are managed by business men of the type much more adaptable to using ideas for increasing business than the electrical contractor, because a greater percentage of them are capable merchandisers.

It will be well if the central station turns its attention to the development of these outlets, the radio dealers, for the sale of other equipment such as ranges, refrigerators, etc.

In closing, I should like to leave with you a *three-point program for electric power companies to stimulate radio listening:*

(1) Help to popularize and familiarize your customers with "what's on the air."

(2) Promote improved reception and enjoyment by sponsoring a campaign of a periodic check-up and modernization of old and inoperative radio sets.

(3) Develop the sale of new sets through dealer cooperation.

This program can be carried on by working with the local broadcasting stations and newspapers—by distributing timetables of weekly programs—by advertisements in the newspapers—by bill enclosures — by window displays — by spot announcements on radio programs—and through utility contact employees. One prominent radio manufacturer has available for use, advertising and sales promotional material just like that offered by the refrigerator, lamp, and range manufacturers, to assist central stations in putting on such a campaign.

In conclusion, my mind is brought back to the theme of the old sermon, "Acres of Diamonds." You are all familiar with the details of this sermon. A prospector spent years of hard work, traveling all over the world looking for diamonds, and finally returned to his home. By chance, he found that the great field for which he had been struggling so hard was in his own back yard.

Increased kilowatthour sales may be obtained, I believe, by increased attention to a load that we have already secured.

# Competition In Refrigeration Demands The Re-Telling Of Our Food Protection Story

**By A. A. Brown**

*Chairman, Electric Refrigeration Subcommittee, Edison Electric Institute*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31, 1937

I AM CERTAIN that I share with you and all other members a feeling of pride in the accomplishments of the electric industry in the matter of the sale of electric refrigerators.

The electric refrigerator was one of the few manufactured articles which enjoyed an increasing volume of sales straight through the depression.

It occurs to me, however, that possibly we have grown a little too sure of ourselves, and, because of our wonderful record, we may be overlooking some opportunities. While we are boasting that more than two million electric refrigerators were placed on utility companies lines during the past year—an increase of approximately 35 per cent over the previous year, may I remind you that at the same time our competitors were, also, doing a good job.

The ice industry reports an increase of 20 per cent in its domestic sales over the previous year; and the ice refrigerator people, also, enjoyed an increase of 35 per cent through ice companies. Now, if we were doing the job we should be doing, certainly there would not be room for an increase in the sale of ice, to say nothing of the sales made by our gas competitors.

Of course, every one of these two million electric refrigerators represented a great deal of sales effort, advertising, and sales promotion, and probably the traffic would not stand a greater expenditure. Yet, on the other hand, I feel certain that if this sales effort, advertising, and sales promotion had been coordinated, even in a small degree, our competitors would not have had so much to brag about and our own situation would have been much healthier and our volume greater.

May I remind you that because of increased efficiency and lower rates these two million refrigerators represent no more revenue to the utilities than the one million sold in 1931. We should, also, remember that a certain percentage of the refrigerators now being sold replace old electric refrigerators and, inasmuch as the new refrigerators consume about one-half of the amount of current the old ones did, it becomes necessary to sell a refrigerator to a new customer for each replacement refrigerator sold if we are to maintain present revenues.

MR. BROWN

The electric refrigeration campaign which was conducted the first three years of the depression, under the leadership of Mr. Davidson and under the sponsorship of the Edison Electric Institute, is an outstanding example of what can be accomplished by coordinated activity.

You will recall that all manufacturers, dealers, and utilities were selling electric refrigeration based entirely upon the appeal of food preservation. You all remember that the advertising carried a facsimile of a thermometer showing 50 degrees as the danger line. You will, also, remember the slogan, "Invest in an Electric Refrigerator."

The simple fact that every one was telling the same story and that that story had a sound appeal was the thing that sold refrigerators in increasing numbers, even as the depression grew worse and worse, and was the thing that laid the foundation for the large volume of refrigerator sales we are now enjoying.

This program accomplished what we set out to do, that is, to make the public electric refrigerator conscious. After the three-year period had expired, it was felt that the industry was well enough established to go it alone.

Since that time each manufacturer, dealer, and utility company, which sells refrigerators, sells in his own way. Business has become highly competitive; manufacturers vie with each other to bring out and advertise some new gadgets, or if their engineers can not think up enough new gadgets, new forms of guarantees are stressed.

Now it is only natural that a salesman, in attempting to sell any nationally advertised article, repeats almost verbatim the copy contained in his company's national advertising. The net result has been that during the past three or four years salesmen have been attempting to sell gadgets and guarantees instead of electric refrigeration.

Perhaps this has not occurred in your property, but it has in ours. Customers have purchased electric refrigerators and then have called up our Home Service Department and asked if the particular refrigerator they purchased was any good. When our Home Service representative inquired why they asked such a question, the answer was that salesmen attempting to sell other refrigerators had knocked the refrigerator they had purchased. Is it any wonder then that the gas and ice people have found it rather easy going!

The average prospect probably is approached by a dozen salesmen and lis-

tens to a dozen different stories. Each one tries to out-do the other in the matter of gadgets, guarantees and terms; scarcely a single one says anything about food preservation or what electric refrigerators will really do for her in the matter of economy, etc. Is it any wonder then that a smart salesman, selling ice or gas refrigerators, has only to talk about refrigeration and to say "yes" to all of this competitive knocking in order to make a sale.

Contrast this with the tactics used by the automobile salesmen. We all know that this is the most highly competitive business in the world. Yet, it has happened to you, as it has to me, that after shopping around and seeing several automobiles I finally decide on the one I wish to purchase. The next day an automobile salesman calls up and tries to close the sale; I tell him I purchased my new car yesterday. Instantly he asks what kind of a car I bought. No matter what car it is, he always says, "Fine, that's good; I think that next to the car I am selling, you made the best buy on the market."

Now we are all human enough to like to have our judgment confirmed. Is it any wonder that the woman who has saved her money and finally purchased an electric refrigerator feels hurt when some salesman selling a competitive make tells her that she bought the worst one on the market?

As sales executives, you all know that nothing is as convincing as repetition. Mr. Kenyon spoke of this this morning. Now, if we can get all of the electric refrigerator salesmen to tell the same story, there is no doubt about our ability to increase greatly the sale of refrigerators.

Naturally, the question comes up: "What is the story?" At the present time I can think of nothing better than the plan that was used so successfully during the first three years of the depression, that is, Food Preservation. That story is just as good today as it was then. We have the same food, the same bacteria, and furthermore, we know it will work because it has been tried and it did the job.

Earlier in my talk I mentioned the competition we were receiving from the ice companies. This is competition which has slipped up on us largely because of over-confidence on our part. We thought the ice business was on its way out as a factor in refrigeration, and yet, as I have stated, they showed an increase of 20 per cent in domestic sales and an increase of 35 per cent in sales of refrigerators through ice companies. True, part of this is due to better economic conditions; nevertheless, this industry is far from being a dead one.

With the gas refrigerator, our only competition is with one manufacturer; however, this particular manufacturer is very aggressive. Their appeal has been: silence, no service, and low cost. Nowhere in their advertising or sales arguments do they stress the matter of food preservation. They are coasting along on the work done by this industry, because the public takes it for granted that all mechanical refrigerators will maintain temperatures below 50 degrees.

For the past several years in our property we have consistently advertised "cool kitchens" in connection with electric refrigeration, and we find this is the most effective weapon with which to combat this type of competition.

The advertising policies they have pursued have not been ethical. Their general tactics have been to publish a full page advertisement designed to make dealers of electric refrigeration angry and get them to commit the error of coming back with a nastier advertisement. This is usually the beginning of a dog fight, which is very costly, and, as in all dog fights, public sympathy is with the under-dog. It serves to direct attention to their product which is little known and has relatively small acceptance.

Last year when the first advertisement of this kind appeared in our local papers, a meeting of all electrical refrigerator distributors was called and after several hours of arguments we decided not to answer the advertisement; but the matter was taken up with the Better Business Bureau and with the newspapers, with the result that the newspapers refused to publish further copy of this kind.

Refrigerator distributors and dealers in our territory concentrated on selling electric refrigeration and to as great an extent as possible to sell food preservation, although, I must admit, more effort was made to sell gadgets, guarantees, and terms.

We are all agreed that it is good salesmanship and good business for every one in the industry to be telling the same story, provided that story is constructive, and we know by experience that the story of food preservation is constructive and it has accomplished a great deal. Then, is it not up to us to provide ways and means in which this story can be told by every one?

Naturally, without a close tie-in with the manufacturers, we can not expect to influence their advertising policies to any extent. It does lie within the province of the utility companies, however, to handle their own local situation.

Electric Refrigeration Bureaus which have been dormant for a number of years can be revived; another excellent avenue of approach is through the Kitchen Modernizing Bureaus which are being formed. In fact, any organization where the power company can get together with electric refrigerator distributors and dealers and sell them on the idea of not only advertising but of making their salesmen actually sell the story of food preservation, is the solution.

I am certain that we can accomplish our end. This can be accomplished by companies which are engaged in merchandising activities, as well as by those not engaged in merchandising activities.

May I cite as an example the operation in Kansas City, Missouri:

A radio and refrigerator dealer association had been in existence for several years but without strong leadership. This year the Kansas City Power & Light Company assumed leadership, but in order to do this they had to offer something tangible, because they were competing with them. They, therefore, made a meter reader survey, obtained and compiled a list of all their customers not now using electric refrigeration. They tied this in with a financing plan whereby the company will bill and collect the payments to be made. The Association employed a nationally known sales counsellor to instruct their salesmen. All salesmen who attend a given number of classes and are qualified receive a certain number of these prospect names each week, but only just as long as they conduct themselves as salesmen should and do not violate any of the rules set up by the Association as to trade-ins, discounts, etc.

It is easy to visualize, with a set-up like this, that all salesmen could be trained to tell the same constructive story about food preservation, and, if that were done, just the consistency of it and the repetition of this story would produce a tremendous amount of business.

# Commercial Sales Opportunities and Objectives

**By P. M. Alden**
*Philadelphia Electric Company*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

AS AN ELECTRIC generating station is no better than the equipment it houses, so a utility sales organization, in order to do a balanced selling job, must give due consideration to each of the three principal phases of our business; that is, residential, commercial, and industrial sales. In this paper I would like to call particular attention to the opportunities for profitable load building in the commercial field and the objectives to be worked toward in the organization and direction of a commercial sales group.

**Definition of Commercial or Retail Sales**

Commercial or retail sales, as generally understood throughout the industry, are sales made to customers engaged in business, such as stores, small theatres and banks, barber shops, gasoline filling stations, lunch rooms, restaurants, and similar organizations primarily concerned with mercantile activities, as contrasted with industrial or wholesale sales, which principally include energy sold to large buildings or used by customers engaged in manufacturing.

**Importance of the Commercial Market**

The commercial sales market is of sufficient importance to warrant the attention of utility sales executives not only because it offers broad opportunities for future increased sales, but because even at the present time it represents an important part of the average utility's sales and revenue. In this connection the following data taken from the statistical number of the *Electrical World* dated January 2, 1937, are of interest.

TABLE No. I

Number of Customers by Classes of Service—National Figures

| | |
|---|---|
| Residential | 20,989,901 |
| Commercial or Retail | 3,800,202 |
| Industrial or Wholesale | 276,428 |

TABLE No. II

Sales in Millions of Kilowatt-Hours by Classes of Customers—National Figures

| | |
|---|---|
| Residential | 15,375 |
| Commercial or Retail | 16,350 |
| Industrial or Wholesale | 49,050 |

MR. ALDEN

TABLE No. III

Revenue in Dollars by Classes of Customers —National Figures

| | |
|---|---|
| Residential | $728,200,000 |
| Commercial or Retail | 587,000,000 |
| Industrial or Wholesale | 600,000,000 |

TABLE No. IV

Average Rates as of December 31, 1936, by Classes of Service—National Figures

| | |
|---|---|
| Residential | 4.74¢ per kw-hr |
| Commercial or Retail | 3.58¢ " " |
| Industrial or Wholesale | 1.22¢ " " |

It will be noted from the foregoing tables that there are approximately 14 commercial customers for each industrial customer, or putting it another way, for each 5.5 residential customers, there is one commercial customer. It is also of interest to note that the kilowatt-hour sales to commercial customers are slightly in excess of the sales to residential customers, and that the revenue received from these sales is only slightly less than the revenue received from industrial business.

**Comparative Rates**

The average rates by classes of customers are also of particular interest, for although the average rate to commercial customers is 1.16¢ less than the average for residential service, it is significant to note that domestic rates showed an average reduction in 1936 from 5.03¢ per kilowatt-hour to 4.74¢ per kilowatt-hour, or .29¢ per kilowatt-hour; whereas, commercial rates decreased only from 3.78¢ per kilowatt-hour to 3.58¢ per kilowatt-hour, or .20¢ per kilowatt-hour. *It is apparent that if this trend should continue in the future there is grave likelihood that the average rates for domestic service will overtake the average rate for commercial business,* notwithstanding the fact that the average residential customer used only 720 kilowatt-hours in 1936, as compared with 4300 kilowatt-hours per customer in the commercial field.

**Residential and Commercial Sales**

There is no question but that time, thought, money, and effort have been and are being expended by most utility sales managers on plans and programs looking to the development of residential business. It is equally a fact that this class of business is of sufficient importance to warrant the attention it has received. There is no question but that the opportunities for load building in the residential market are very great and have responded in an encouraging manner to properly directed sales effort. This paper is not intended to criticize in any way the attention which has been devoted to the residential market, but we do desire to emphasize the primary importance of giving due consideration to the commercial field so that commercial rate schedules, regulatory bodies permitting, may be kept in line with residential rates without undue loss of revenue. This can be done only by increasing sales to commercial customers in approximately the same degree as residential sales increase. In other words, all phases of our business are deserving of attention, if we are to keep our sales program well rounded and properly balanced as among the various customer groups with whom we are concerned.

**Awakening Interest in the Commercial Field**

It is distinctly encouraging to note an apparent awakening of interest in the commercial field throughout the industry during the past few years. Significant

of this is the fact that a Commercial Sales Subcommittee was included as one of the active working committees of the Sales Committee, Edison Electric Institute, starting in the fall of 1936. Also, for the first time since its inception, a morning session of this Annual Mid-Winter Sales Conference is being devoted exclusively to a consideration of commercial sales opportunities and problems. In this connection we have been greatly interested in the comments received from certain utility sales executives as a result of a survey of commercial sales activities undertaken by the Commercial Sales Subcommittee. To quote from a letter received from the Vice President in Charge of Sales of one of the large western companies,—"We believe that through the Commercial Sales Subcommittee, the Edison Electric Institute has an opportunity to supply real service in the commercial field. As we point out in the survey form, an organized and coordinated industry activity for the development of load in the commercial field is badly needed. Our competitors have developed sales information on a national scale and the electrical industry is handicapped in its efforts to secure this competitive load without the advantages of a coordinated program."

Comments such as this are of distinct encouragement to the Committee, and are indicative of an awakening interest in the commercial market, which seems to be particularly apparent in the replies received from those companies situated in the middle west and along the Pacific coast.

### Load Building Opportunities in the Commercial Market

The load building opportunities in the commercial field are many and varied. As has been pointed out, there is a relatively large number of commercial customers as compared with the industrial group, and the number of accepted uses for electricity in this field is equally numerous. However, if any one thing is needed more than anything else to visualize the opportunities awaiting us in the commercial market, it is imagination and vision as applied to the individual customer, rather than to the market as a whole. We should make a genuine effort to enthuse our commercial sales people by helping them to look at each individual customer's place of business as a potential market for complete electric service. In other words, they should be able to visualize just what electricity can do for that particular customer in the way of helping him to increase his business, or reduce his operating costs, keeping in mind that utility service can be purchased most economically only when used in wholesale quantities. There are many cases where the economics of the situation definitely indicate that our commercial customers can and should buy all of their present and potential light, heat, and power requirements from us, rather than a part from us and a part from our competitors. It is these customers which offer the very best opportunities for the sale of additional energy, but to reach this market, we must have complete knowledge of the customers' problems, as well as the ability to determine the manner in which electrical equipment can best be applied to their solution. This is a job big enough to be worthy of our best effort.

### Principal Commercial Uses of Electricity

The principal uses for electricity in the commercial field may be briefly summarized as follows:

1. Lighting, in all of its many applications.
2. Cooking.
3. Air Conditioning.
4. Heating.
5. Ventilation.
6. Refrigeration.
7. Miscellaneous Motor Applications.

### Commercial Lighting

The above applications are listed in what seems to be their relative order of importance. Very few companies, if any, have overlooked the opportunities for profitable business from the promotion of better and more adequate lighting use on the part of their commercial customers. Lighting applications well accepted in the commercial field and of genuine profit to the customer start with outdoor lighting applications, such as signs, floodlighting, and decorative lighting, move on to the properly lighted window, adequately bright to stop the passerby in this present age of hurry, and on into the store where adequate general lighting, show case lighting, sign lighting, localized lighting, and decroative lighting all play their part in the plan of building business through better light.

### Commercial Cooking

Second in importance in the commercial field, although not having the universal application of lighting, is commercial electric cooking equipment. A great deal has been written and said in the past about the commercial electric cooking market. Under the National Electric Light Association, there was an active committee to promote commercial electric cooking, and it is believed by those who particapted in the program at that time, that definite and constructive progress was made. However, since 1930 the interest in this market seems to have declined, except in the so-called counter and pantry cooking appliances. In my opinion there are three principal reasons why the market for heavy duty electric cooking equipment has so far hardly been touched. They are: first, the combination company; secondly, the sales approach which has been used in the past; and last, but by no means least in importance, the lack of factual data dealing with the economic relationship between the cooking load and the customers' other electrical requirements. As a matter of fact, there is a dearth of reliable information in the industry as to just what a complete electric cooking installation would mean to the average restaurant when superimposed on the lighting, air conditioning, and miscellaneous motor loads. For some reason information secured from tests made by individual utilities has not been made available to the industry as a whole. However, notwithstanding these handicaps to the rapid development of heavy duty cooking equipment sales, there have been some definitely successful installations in various parts of the country. Fundamentally, it must be borne in mind that the cost of cooking in the average restaurant, regardless of the fuel used, is less than two cents out of each dollar of gross sales. Therefore, even although a complete electric kitchen may mean in some instances a slight increase in fuel cost as compared with our competition, this increase can rarely, if ever, be more than 1 per cent of total operating costs as compared with 25 per cent for labor costs, and 44 per cent for food. It appears, therefore, that we may have stressed too much the operating cost of electric equipment, failing to give due consideration to what this equipment can and should do to reduce other costs of restaurant operation. In our experience, installation costs and the first cost of the equipment are considerably more difficult hurdles to be overcome than is operating cost. There is good reason to believe that in those instances where a complete electric installation can be sold, operating costs of heavy duty cooking equipment will not be out of line with the corresponding cost of equipment using competitive fuels. Electric cooking equipment has many advantages, and as there comes a fuller realization, based

on facts, as to just how this cooking load fits the needs of the customer, I am convinced that the development of this market will show rapid progress and it will prove to be an important item in future utility sales programs.

When we come to a consideration of counter and pantry equipment, there seems to be a quite uniform opinion on the part of those companies which have promoted this equipment, that it can and does offer very real opportunities for immediate, profitable load building. This equipment is relatively low in first cost, is reasonably well accepted by the restaurant trade, and can and does do an excellent cooking job. It is particularly valuable for short order work, and in those restaurants where it can be installed with a thought to its showmanship value by being placed either in the show window or on the back-bar. Furthermore, this equipment is of particular value because it proves to the restaurant man that electric equipment is fitted to his requirements and is already available. In addition, it has been proven that this equipment can serve as an opening wedge for a more complete electric cooking installation. It should also be of interest to those utilities which are promoting the use of both gas and electricity in the same territory, to know that electric counter equipment can be sold as "increment equipment" for use in the restaurant proper or the show window, without replacing the base load gas equipment in the kitchen. In other words, this equipment can definitely be sold on what it will do for the customer in the way of increasing his business, without causing a replacement of existing equipment or loss of gas load by a combination company. The promotion of this type of equipment is, therefore, particularly constructive in the mutual benefit it brings to both the customer and the utility.

### Air Conditioning

Third in importance in the commercial market I have listed Air Conditioning. Air Conditioning today is rapidly becoming so well accepted on the part of the buying public, that many commercial establishments are going to be forced to install air conditioning within the next few years, if they expect to stay in business and compete with those places which already have it. Air Conditioning, particularly the phase known as summer air conditioning, offers a very substantial market for the sale of our service in the commercial field. This is indicated by the fact that over 100,000 horsepower of this equipment was installed in 1936. The results secured by some companies in the early months of 1937 indicate that this load will continue to grow during the coming year, as it has in the past. Obviously, therefore, air conditioning sales promotion plans should receive due consideration in any well-rounded utility sales program.

### Commercial Heating

The applications of heating equipment in the commercial field are so many and varied that it is difficult to pick out any one item which is of more importance than any other. In many cases small strip and spot heaters are solving the problems of our commercial customers. In other instances, such as in cashiers' cages or in isolated buildings of relatively small volume, electric space heating may be indicated. There is also a very real and important market for the small volume electric water heater in barber shops, beauty parlors, roadside stands, and gasoline service stations. In general, the field for electric heating in commercial business is such a broad one that the difficulty is not so much a matter of *where* the business can be obtained, as *how* it can best be obtained, and what particular applications are worthy of concerted effort.

### Ventilation

Fifth on the list of those important items which should receive attention, is ventilation. Ventilation is closely allied with air conditioning and in most air conditioning installations, ventilation plays an integral part. However, in the commercial market we find many places where complete air conditioning is not necessary, nor is it indicated because of the type of neighborhood, or the type of business involved. For such places proper ventilation, which involves a relatively small initial investment, will be acceptable; and although the individual load of a ventilating fan is relatively small, because of the very wide application of this equipment and the fact that it is usually used on a year round basis, it can be developed in the aggregate into a load of considerable importance.

### Commercial Refrigeration

Refrigeration is perhaps one of the best accepted electrical applications in the commercial field at the present time. The manufacturers of this equipment have been able to so organize their distribution set-up that in many localities they are in a position to do a satisfactory promotional selling job. However, the sale of electricity for commercial refrigeration is of such wide application that in those places where the dealers are not set up to cover the market adequately, the load certainly deserves the attention of the utility either as a direct merchandising program, or on a promotional basis.

### Miscellaneous Applications

The term, "Miscellaneous Motor Applications," is merely a phrase to cover all of the hundred and one uses of electricity, through motor driven equipment, which cannot readily be catalogued under any of the other principal uses. In most cases these uses are so widely diversified that there is very little that can be done in the way of an organized effort to promote any one specific piece of equipment. However, some companies have found it advantageous to consider one particular class of commercial customer, and to work with that class on all of the available electrical equipment indicated as profitable for the type of business concerned. In such cases some of these miscellaneous motor applications will receive attention insofar as they apply to an individual customer's problem. Our sales people should, therefore, be familiar with them and be able to bring them to the attention of our customers, wherever they can economically fit into the picture.

### Classes of Customers Offering Best Opportunities for Commercial Sales

As there are many applications of electricity to commercial equipment, so there are many classes of commercial customers, not all of which offer sufficient opportunities for profitable sales effort to warrant concentrated promotional effort. If a list were prepared to show the types of customers offering the best sales opportunities in the commercial field, it would include, in any event, the following:

1. Auto Repair Shops
2. Banks
3. Barber Shops
4. Beauty Parlors
5. Carpenter Shops
6. Cleaners and Dyers
7. Confectionery Stores
8. Delicatessen Stores
9. Drug Stores
10. Food Stores
11. Garages
12. Luncheonettes
13. Photographers
14. Restaurants
15. Shoe Repair Shops
16. Theatres
17. Undertakers

All of the above classes of customers use not less than seven well-accepted applications of electricity, in addition to lighting, and in one or two instances more than 40 applications can be readily found. Some of the classes covering

larger customers may represent a composite of several smaller groups; for example a store may include a restaurant and a beauty parlor. All places serving food are potential prospects for electric cooking equipment, air conditioning or ventilation and refrigeration. Since practically all drug stores are now in the food business, this market has very materially broadened during the past few years. It is surprising what a careful analysis of the customers in the classes noted above will indicate as to the many ways in which electricity can be profitably applied. Our sales people should be supplied with the information necessary to give them a picture of these many applications, and as they make their survey from store to store, they should consider each individual customer as a separate problem and visualize for him and with him just what electricity can do to help him to greater profits.

In any consideration of market opportunities and objectives in the commercial field *we must never lose sight of the fact that our customers are in business to make a profit.* Our objective, therefore, should be to obtain the maximum use of our service in accordance with the economies of each individual sales case. Business sold on any other basis is, in the final analysis, unprofitable for both the customer and the company. Furthermore, we can be successful in focusing the attention of our customers on the ways in which electricity can help them to greater profits only as we win their confidence. They must have confidence—first, that we know what we are talking about when we suggest an electric application; secondly, that our sales presentation is based on fact and not on fancy; and finally, that we have a genuine interest in their problems.

*Only as our sales programs and presentations are based on promoting the customer's interest, as well as our own, can we hope to be permanently successful in any sales effort which may be devoted to the development of new and additional business in the commercial field.*

### Results Which Can Be Obtained

In the final analysis, of course, it is one thing to set down an objective which should be sought through a commercial sales program, and to outline in detail the opportunities for profitable load building in this field; but the real question is whether or not a properly planned and coordinated commercial sales program can produce results of mutual benefit to customer and utility. Perhaps the best way to answer this question is by considering what has actually been done with certain typical customers through a comprehensive sales program. The results given for these customers are indicative of what can be done by any company which is willing to spend time, effort, and money in the development of the commercial market. With a single exception, they do not represent outstanding jobs, although they are undoubtedly better than the average for the group as a whole. *They have resulted primarily from living with the customer, understanding his problems, understanding the equipment which can help him solve these problems, and being ready at all times to look at these problems through his eyes, as well as through our own.*

We have set these data up on the basis indicated by the tables shown below, designating the customers as A, B, C, and D. Customer D we have called the "objective customer" because he represents, as we see it, the ultimate objective of commercial sales activity, in that the utility supplies its product for every operation which can be done by a utility service in this customer's place of business. This particular customer belongs in the wholesale rather than the retail group, but he has been chosen because he illustrates this point so well. The fact that this customer's annual bills for utility service will amount to $120.85 per front foot for a two-story building, exclusive of central plant heat, which will add $24.50 per front foot, is significant of the almost unlimited potential market for the future in the commercial field, as customers can be brought into the position of customer D. As a matter of fact, the available market is so large that it is extremely difficult to visualize what would happen were any substantial number of our customers converted to the objective class. However, the fact that it can be done, and that in those cases where it has been done, because of the fact that the customer is now buying all his requirements on a wholesale basis, he is extremely well satisfied, should make us enthusiastic about the opportunities for future development. It is hoped that this enthusiasm can be passed along to those in our organizations who are charged with the direct responsibility for customer contact and sales presentation in this field, as I am sure that when our salesmen have this vision of future opportunities, backed up by factual information which should be available, they will be better equipped to go out and do a constructive selling job.

### Data on Specific Customers

TABLE V

*Data on Customer A:*

Type of business—Restaurant.
Originally connected—January, 1934.
Original demand—2.8 kw.
Electrical use, First Month—898 kwhr.
Electrical use after 8 months of operation—1,128 kwhr.

Customer then expanded to a larger building and installed electric grills, ice machine, and a larger dish washer, raising his demand to 5.9 kw. Electric bills for the first year of operation in the new place of business—$960.00.

After 6 months operation in new building, customer installed air conditioning. Electric bills—second year of operation, new location—$1,342.00. At the end of the second year customer installed an electric fry kettle. Electric bills—third year of operation—$1,590.00, an increase of 66.6% in two years.

*Customer B:*

Type of business—Lunch Room.
Originally connected—May, 1935.
Original demand—2.2 kw.
Electrical use, first month—424 kwhr.

In July, 1935, customer installed an exhaust fan.

In February, 1936, customer installed electric grill, waffle iron, and coffee makers.

Electric bills, first year of operation—$293.00.

In July, 1936, customer increased size of coffee makers and installed larger grill.

In December, 1936, customer improved lighting.

In February, 1937, customer installed electric fry kettle.

Electric bills second year of operation—$427.00, an increase of 45% in one year.

*Customer C:*

Type of business—Food Store.

This customer constructed a new building, which he occupied in October, 1936.

The original connected load was 34.5 kw.

Customer was persuaded to open a baked goods department to bake on the premises. Customer installed doughnut machine, fry kettle, hot plate, and electric oven. Equipment proved successful and an additional fry kettle and larger doughnut machine were installed in February, 1937. The present connected load is 52.7 kw. Comparative revenue figures are, of course, not as yet available, but it is estimated that this new equipment will mean an increase of $760.00 in Annual Revenue.

*Customer D*—Objective Customer:

Type of business—Chain Store.
Originally connected—October, 1936.

Customer uses electricity for light and power, cooking, and air conditioning. Uses utility steam service for space heating and some miscellaneous restaurant uses. There is no competitive fuel used in the building. Building is two stories high with an 86-ft. frontage.

Installed lighting load totals approximately 120 kw.

Original cooking load totaled—72.8 kw.

(*Continued on Page* 148)

# Factors Demanding Our Attention In Selling The Air Conditioning Load

**By E. W. Ashmead**
*The Tennessee Electric Power Company*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

THE LATEST CONTRIBUTION to the well being and comfort of mankind in which the electrical industry has played a leading part is air conditioning. In the past two or three years, we have seen these installations become almost commonplace wherever people gather in large crowds—in theaters, restaurants, railroad trains. There is no doubt that today it has a marked degree of "public acceptance" and that within the next few years we will see this infant industry grow by leaps and bounds.

We are told that the market for air conditioning divides itself logically into four general types or characteristics, namely:—

1. Heavy tonnage installations, such as required by theaters, office buildings, hotels, department stores, factories, etc.
2. Smaller commercial installations, as small stores, restaurants, drug stores, men's and women's apparel, etc.
3. Room coolers, for individual offices and separate rooms in residences.
4. Complete home installations.

The progress of development of these four markets is also largely in the order named above. That is the first and greatest growth has been in the larger "custom-designed" installations. The bulk of the business to date has been in this field.

In an increasng ratio, however, the second type of market is now opening up rapidly. Small stores of all kinds are buying or seriously considering air conditioning. This phase really gets the business onto a quantity production basis; engineering of individual installations is greatly simplified; and the selling approaches a merchandising proposition.

Quite naturally the field for room coolers is almost unlimited and as we get into this market the selling problems become mainly straight merchandising, with due consideration of course to adequacy of the installation and proper ventilation.

MR. ASHMEAD

The fourth market referred to, complete home installations, has as yet hardly been scratched. It is in what might be called the early development stage, with a number of manufacturers building experimental installations and test homes in various parts of the country, with which you are all familiar, and large amounts being spent for research and experiment.

Now this rapid growth of air conditioning, in which the utility industry has played an important and increasing part, has brought its problems too. We have devoted much time in determining the most effective way of promoting its development; whether we should sell the apparatus or not; how far we should go with the engineering and design of installation; and many other matters connected with personnel, advertising, etc. But I am not particularly concerned with these problems today. There are some other problems which I should like to discuss and lay before you, for I feel that they are really industry problems, to be studied and analyzed by the manufacturers, both of air conditioning equipment and electrical supplies, and by the utilities.

The first and most serious from a utility standpoint of these problems is the high cost of connecting heavy tonnage installations in downtown underground areas. We are finding that these underground systems are having to be completely rebuilt to take care of these additional loads. Of course, it is not all due to air conditioning alone. Better Light-Better Sight activities have resulted in greatly increased store lighting, stores that were vacant during the depression have opened up again and additional loads of various kinds have been added. But the connection of large blocks of air conditioning load, often two to three times the existing load in an individual establishment, has been a preponderant factor in requiring these changes sooner and in larger capacities than would otherwise be necessary.

For example, in my own Company we started last year on a several-years program designed to double the available capacities in our underground systems. The estimated cost of the increased capacity to be provided will be between $90 and $100 per kw, exclusive of any transmission or generation capacities. Air conditioning load in the larger installations in our territory will earn only $15 to $20 per kw, or in a cost to revenue ratio of about 5 or 6 to 1. We all know that business served on such a ratio will not cover carrying charges.

To take a specific case, a department store with a present load of about 275 kw is just installing air conditioning of 500 kw demand. The old transformer vault of 300 kw capacity serving this store alone is being retired and a new vault being built to house three 500 kw transformers (one of these being a spare). The net cost of this vault with transformers, equipment and connec-

tions to the store will be $22,000, while the added revenue expected from the air conditioning load will be about $5,000. This is a ratio of 4½ to 1 on cost to revenue, but does not include any prorata for added feeders back to the substation, which is being done at the same time under a general strengthening program, nor does it include any transmission or generation capacity allowance.

When we get away from the underground system, the situation improves materially, and in most cases the cost to revenue ratio falls within reasonable economic limits. Our Engineering Department gives the following approximate average figures for cost of connection of various types of installation:—

| | Cost of Connection per kw |
|---|---|
| Underground commercial | $100 |
| Overhead commercial | 50 |
| Overhead industrial | 20 |
| Overhead residential | |
| Single phase | 40 |
| Three phase | 100 |

You will see from these figures that three phase residential installations also present a problem comparable to the underground installation.

Maybe our rates are too low for this class of service. The air conditioning business added to our system last year earned an average of approximately 1.1¢ per kwhr and the average hours use per season was 1900, which gave us an annual revenue of about $21.00 per kw. There seems to be little we can do about this that I know of.

As system peaks are always higher in winter than summer, we have assumed that there was idle capacity to handle these summer loads. While this may be true in respect to generating peaks, we find, when we analyze particularly underground transformer banks, that there is little if any difference between winter and summer demands before air conditioning is added and that air conditioning in the larger installations comes on to the summer demand at the customer's transformer at nearly 100 per cent rating. Some example of this may be illuminating, as shown in the table at top of next column.

From these illustrations it would appear there is little seasonal diversity to permit the staggering of air conditioning with the ordinary lighting loads. The lighting peaks in winter are not much greater than in summer and generally this load is in full use while the air conditioning load is operating.

| Customers *Without* Air Conditioning | July Demand | December Demand | Winter Excess kw |
|---|---|---|---|
| Theater | 56 kw | 42 kw | |
| Hotel | 128 | 136 | 8 kw |
| Office Bldg. | 107 | 127 | 20 |
| Dept. Store | 285 | 314 | 29 |
| Dept. Store | 175 | 216 | 41 |

| Customers *With* Air Conditioning | July Demand | December Demand | Summer Excess kw | Air Cond. Connected Load |
|---|---|---|---|---|
| Theater | 248 kw | 73 kw | 175 kw | 200 kw |
| Hotel | 162 | 173 | — | 8 |
| Dept. Store | 153 | 94 | 59 | 75 |
| 5 & 10c. Store | 216 | 164 | 52 | 116 |

Now, what I have indicated thus far might be very discouraging, if further study does not alter them appreciably. However, after pointing out these difficulties, I want also to suggest some possible solutions, to which I feel the industry as a whole, including manufacturers and utilities, should give careful consideration and study.

First, what can be done, if anything, toward reducing the cost of underground service? Second, what can be done toward securing adequate revenue? Third, what can be done toward diversifying air conditioning with other loads? Fourth, what can be done to reduce the connected load and starting currents in air conditioning installations?

The first two of these questions, are largely in the laps of the utility distribution engineers and rate men, although perhaps the manufacturers of electric supplies can help in underground design.

Diversification offers a number of possibilities. With air conditioning furnishing a definite daytime summer peak there are two "off-use" periods to be filled in: The winter period and the night period.

Several types of load suggest themselves as offering some measure of adaptability as winter-time diversifiers:

(a) Supplementary or spot heating (to the extent of the air conditioning load).
(b) Air circulation.
(c) Water heating (if kept off summer peak).
(d) Special winter lighting displays.
(e) Reverse-cycle refrigeration to furnish winter heating, with its accompanying heat gain, even though some supplementary fuel-heating may be necessary.

The night periods might be utilized in a number of ways to improve the load factor on a given transformer bank, although it may be more difficult to localize these to a particular bank or to induce strictly night operation.

(a) Baking and heavy duty cooking.
(b) Laundry and cleaning equipment.
(c) Ice and ice cream freezing.
(d) Battery charging for delivery equipment.
(e) Manufacturing processes.
(f) More night-time use of store and window lighting.
(g) White Way lighting.

The last of these four suggestions is one addressed particularly to the manufacturers of air conditioning equipment. Anything that can be done to reduce the connected load required will help very materially. If an installation could be designed to run for twenty-four hours a day using, say, cold water storage to be utilized in cooling the following day, the electric capacity might be cut in half or more. The effect of humidity on the temperature at which a building should be kept for comfort has an influence on the load required. High starting current on the motors necessitates larger wire sizes and transformers in order to prevent flicker on lighting circuits. I am informed that in some cases motors are being underrated thus leading to inadequate wire sizes and consequent flicker trouble.

I hope that no one here will get the impression that I am trying to knock air conditioning or to curtail its development. On the contrary, my intention is to try to call attention to these problems in a constructive way, so that all parties interested can help to find satisfactory solutions. Only by thus working together can all parties reap the full benefit from the growth that is surely coming.

# All Service Selling

**By R. B. Roberts, Jr.**
*General Sales Manager, Florida Power & Light Company*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

ALL SERVICE selling definitely plans to sell all types of service to all customers in each classification by the coordinated use of—

All service salesmen,
All service home economists,
All service advertising, and
All service promotion.

Under this plan, the Sales Department is made up of four closely coordinated divisions, i.e., residential, commercial, industrial and sales promotion and advertising. There are residential salesmen, commercial salesmen and industrial salesmen rather than range salesmen, water heater salesmen, refrigerator salesmen, air conditioning salesmen, power salesmen, etc.

Originally in Florida we had what were, virtually, two distinct sales departments, power sales and merchandise sales. The former concerned itself with the sale of power service to any customer in any classification who used or needed power. At times the power salesman had to bring in motor and equipment salesmen on the larger jobs. Frequently he had to arrange for the customer's purchase of motors and equipment on the smaller jobs that hardly justified calling in an equipment salesman. But never was it suggested that the sale of such motors and equipment was a part of the power salesman's job and yet, it should be noted that the power service could never have been used had the equipment not been purchased and installed by the customer. The power salesman's value to the company was measured in terms of the revenue in power business he secured or retained. Equipment sales never appeared on his record.

While it was sincerely thought and said that the only reason we had a merchandise department was to build profitable business by increasing the use of our service by our residential customers, it cannot be denied that the merchandise salesman was sent out to sell things rather than service. To him and his department, the use of the things he sold was incidental to the sale of merchandise. How could it have been otherwise when his earnings depended entirely on the dollar volume of the things he sold? Such dealer salesmen as existed then were his competitors. He had to carry through on every job and get a merchandise order, since his record of accomplishment as a load builder was expressed solely in the dollars he got from selling appliances—not service.

MR. ROBERTS

In the period immediately following the boom there was a mass urge on the part of our customers and our company to curtail expenses. This urge was expressed in an alarming loss in range and water heater load to competitive fuels. The answer to this situation could not be found in selling more ranges and water heaters to customers who were not using those which they already had. It could only be found in selling the customers on the cheapness and value of these services—by going in their homes and convincing them that more sacrifice had to be made in giving up the advantages of electric service than in giving up something else. Something had to be given up. There was just so much money to spend. It was evidently our job to guide the housewife in spending it.

It took vision and courage then for our chief executive to see and try out the possibilities of using power sales methods to sell the continued and increased use of our service to our residential customers. In spite of the necessity of curtailing expenses our sales forces were sharply increased. The merchandise salesmen were changed from a commission basis of compensation, with a small drawing account, to a straight salary based primarily on the estimated revenue saved or secured through the retention, reconnection or sale of ranges, water heaters and refrigerators. Credit was the same whether the equipment was sold through the company or a dealer.

Additional men were recruited from other departments or were employed. Home economists were added to the residential sales group, primarily to instruct the housewife in the economical use of an electric range. Former power sales supervisors were made Division Sales Managers to train and direct these new forces in the "Power Sales" approach. Intangible advantages of the use of the service were evaluated and thereby became collateral advantages with real, actual values—something on which a salesman could hang his hat.

It was a tremendous task to start, under heavy pressure, to convert a large, far-flung operating company with an incidental sales organization, into a vitally sales-conscious company with a comprehensive, well-trained and properly coordinated service sales organization.

The plan worked. It became increasingly evident that we were on the right track. Our men were selling more and more the advantages of the use of our service. Our customers were buying these advantages, rather than equipment, for in most cases then they already owned the equipment. Mere possession of electrical appliances did not then, nor

does it now, insure the use of electric service.

Our Division Sales Managers were instructed and trained in the simple fundamentals of selling,—fundamentals so simple that they are more frequently overlooked than followed. They, in turn, instructed and trained their sales supervisors and salesmen and employees in the same fundamentals, such as

Why people buy
What they buy
How they buy
The basic buying motives
The advantage pictures
The buying decisions.

Regardless of the type of service being sold, the selling process was the same. The primary job was to guide the customer's spending to include the purchase of the advantages of electric service. That service which is worth so much yet costs so little.

Now it is important to note that at the beginning every salesman, working in an exclusive territory, was selling cooking, water heating and refrigeration services—all three—exclusively. If a customer used all three, she was said to be completely electric. Therefore, according to our lights, our man was an all-service salesman. He was not in competition with any other power company salesman. His only competitors were the gas man, the coal oil man, the wood man and the ice man. Each of these was trying to sell a separate and completely disassociated product, all on his own. Our man was selling a complete and unified service in coordination with the home economist, company employee and such dealers as then existed. The latter were his former competitors.

From the very start it was evident that active dealer sales organizations were an essential part of the plan. These had to be developed. In the meantime, our men had to do the bulk of the major appliance selling. In 1930 our salesmen sold 81.3 per cent of all the new majors put on our lines. The dealer sales were almost exclusively refrigerators. In 1936 our gross merchandise sales were about equal to our 1930 sales, and yet ours were only 6 per cent of the total electric merchandise sales made in our system territory in 1936. We now have an active and prosperous dealer organization with a field force averaging ten appliance salesmen for each of our residential salesmen —ten specialty salesmen, if you will, working for each of our all-service salesmen, not on our payroll.

The progressive development of the dealer organization released an increasingly large amount of our salesmen's time, formerly spent in merchandise selling, to service selling. Other items of service were added to his line. First came lighting, formerly handled exclusively by the home economist. Then came radio, home cooling and ventilation, then dishwashing and laundry service.

That, with us, was the beginning of all-service selling. We have a long way yet to go, but we are definitely on our way with a plan which we hope and feel will consolidate the gains made as we go.

Most certainly, cooking, water heating and refrigeration are of major importance. They are showy and spectacular services to sell. But they are only three of many items of residential service. What are we doing about that alarmingly large number of customers whose small use is almost static? How about the health, beauty and comfort group of services, including health lamps, hair curlers and air circulators; the drudgery killing group, including kitchen power services, vacuum cleaning and water pumping? How about the entertainment group, including radio, home work shops and home movies? How about all the hundreds of integral parts which must be included to make an all electric home?

Certainly with the myriad of cheap and valuable services that must be sold if we are to secure the maximum use of our residential services, the utility sales managers markets extend far and beyond the good old majors. He must insist on the continuous and comprehensive coverage of all markets. I cannot believe that the job can be done by specializing on one item for a short time and then dropping it for another year. Nor can it be done by assigning specialists to push each item constantly. There are just too many items. Each salesman must be trained to sell all services to all customers.

Each salesman must specialize on selling service, but in order to do so, he must be backed up solidly with adequate sales promotional specialists to supply him with the assistance he needs such as sales tools, handbooks, sales plans, technical data, publicity, etc. He must be backed up by all-service advertising in a well diversified list of media in order to reach all customers. He must be backed up by an active field selling dealer organization. But most of all, he must be carefully supervised and constantly trained to sell all services at each call.

The advantages of such a plan of selling far outweigh its disadvantages, —to the customer, the salesman, the company and the industry as a whole.

The customer's convenience is better served by having to deal with but one Company representative rather than many. There is no confusion as is the case when many specialty salesmen from the same Company compete with each other for recognition and selection. Each specialist is, in effect, the Company and therefore under specialty selling the Company is, in fact, competing against itself.

The customer's time is saved. The customer gets more for her money, since the all-service salesman progressively sells just those items of service best suited to the individual customer's needs as contrasted with the specialist who must sell his specialty or nothing.

The most important advantage to the "Unsold Customer" group lies in the fact that they are all reached regularly and by knowing their need of additional items of service they buy them and progressively improve their standard of living.

"To put valuable goods, raising the standard of living, of health, and of culture, into the hands of families which need them but have not been able to afford them, is admittedly the highest economic statesmanship."

So wrote J. George Frederick in the *Forum* for August, 1936.

The all-service salesman's sphere of activities, his market, is widened in spite of the fact that he is working in a smaller territory. To him every home is a prospect for some part of the service he has to sell. He does not have to search for prospects and find distractions. He develops his own leads for major services while he sells lighting and other services. He is selling his own satisfied customers. He spends more hours face to face with customers. His ratio of productive time is greater. His expenses are lower since he travels less. He has no dull seasons. His approach is natural and easy. When a power company man calls, the customer expects an all-service interest—not a specialty interest. The all-service salesman has a crew of specialists working for him. These are the dealers' salesmen, frequently more expert than he in selling goods. The all-service salesman is a trained salesman and is, therefore, more valuable to himself and to his company.

A little more use by a lot more customers is a much more profitable and stable sales result than a lot more use by a few more customers. That result is more readily obtained by all-service selling. It may be true that a relatively higher use per residential customer may be secured by specializing in the few heavy use, lower rate level types of service, but high use by the average customer supported by substantial use by the median customer is admittedly a sounder basis of profitable load development. All-service selling systematically reaches all customers with all types of service, repeatedly.

The larger the number of people using more service becomes, the greater will be the number who benefit by the use of the service which your company creates and the greater will be the good will which your company merits and receives. Certainly, therefore, the use of the median customer is a truer measure of good will than the use of the average customer. Specialists work almost exclusively in the upper levels of use. All-service salesmen sell all services to all customers.

With the all-service sales organization, the sales manager's field forces are extremely flexible. Emphasis can be quickly placed on any items of service. The proven value of campaigns is not lost in multi-service campaigns, but is enhanced under the all-service plan, since, as was previously pointed out, each and every salesman develops his own leads for all types of service. His individual customer contact record sheet gives him and his supervisor a recorded knowledge of the services and missing services in each home in his territory. He has a case history of each customer which shows the appliances both company and competitor served, the condition of such appliances, their probable date of replacement and the type of service for which the home is a most likely prospect.

In "get it back" campaigns designed to introduce rate reductions at a minimum loss in revenue, each salesman is made a supervisor in his own territory to direct teams recruited from the general employee group.

Dealers profit from the all-service plan, since they are working in a constantly fertilized field. They have no merchandising competition from the sales promotional and advertising endeavors of the company. On the contrary, such company activity redounds to their benefit. Multi-service advertising does not in any way blanket the dealers' appliance advertising, but rather supports and encourages it.

All jobbers and representative manufacturers are interested and participate in the active development of the field, since the field is open. Such general participation increases the general acceptance of the value and cheapness of electric service. It is an inescapable fact that among manufacturers "all-service" types of organizations exist today and their number is growing. Such moves are, no doubt, prompted by their knowledge of the fact that the "all-service" type dealer has many better chances for financial stability and for holding a permanent, year 'round sales force than has the "specialist" dealer.

In the Commercial and Industrial classifications, there is a similar application of the "all-service" selling principle. A salesman or sales engineer, as we call him, works in a definite territory and systematically calls on each commercial customer to sell the cheapness and value of the many applicable items of service. However, in this classification it is important to back up the salesmen with strong specialists in the principle service items, as sales consultants. This is especially so for those major items of service not adequately covered by manufacturers' representatives. In outlying territories where the special applications are too few to support such office specialists, the field forces are so selected originally that while all are all-service salesmen in their own territory, some of them have some special qualifications on particular applications, such as lighting, air conditioning, heavy duty cooking and competitive power. Such men are available for consultation and advice to the man in any other territory.

To summarize, we feel that it is most important to plan definitely for the sale and promotion of all electric services to all customers in all classifications. While various specific uses of service are in different stages of public acceptance and require different types and intensities of sales effort, we feel that the "all-service" plan affords the utility sales manager the best, if not the only, means of proper distribution of promotion emphasis for each and every use of the service so as to produce the acceptance and use of such service by the most customers in the quickest time and with the greatest overall economy to the utility.

# Coordinating Merchandising Efforts

(*Continued from page* 114)

of electrical appliances, the local utility company—in addition to the producers and distributors—must necessarily be interested in the satisfactory performance of every appliance. They must necessarily be interested in new and improved products, and in new and improved methods of distribution which tend to create greater customer demand and use for appliances, for only in this way can they hope to increase substantially the domestic consumption of current.

To me this problem is so important and the opportunities are so great that I am going to make a recommendation which I believe, if properly worked out, can be instrumental in promoting a closer degree of team work and a greater coordination of effort on the part of all concerned. I believe that a council or group—call it what you will—made up of representatives of The Edison Electric Institute, the National Electrical Manufacturers Association, and National Retail Associations for the purpose of preparing and carrying out a sound and practical program of cooperation —will result in a more intelligent distribution of appliances to meet the needs of a growing consumer market, and thereby result in increasing the load for domestic consumption by the utility companies.

At this moment, I am not prepared to say just what the character and scope of such a program should be, but I am certain that when the best minds of these three groups get together that a program will be forthcoming which will result in the mutual benefit of all of them, as well as to the better service of the public.

**In such an undertaking, I am certain that I can pledge the wholehearted cooperation of representatives from the National Retail Dry Goods Association who are vitally interested in this problem, and who are anxious to do their part in promoting this great field of merchandise, because they recognize the important part which electrical appliances must necessarily play in the household of today, and particularly in the household of the future.**

**In my estimation, the deliberations of such a group will result in removing some of the obstacles which confront all of us today and in the solving of our common problems; but more important, in perfecting a program of team work which must necessarily redound to the mutual advantage of all, the utility, the manufacturer of electrical appliances, the retail distributor of appliances and the consuming public.**

# Store Lighting—A Mutual Profit Builder

By M. N. Waterman
*Central Hudson Gas & Electric Corp., Poughkeepsie, N. Y.*

Remarks at the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

IN the English language, or perhaps I should say the American language, we are great users of catch phrases, such as "Seeing is believing," "The proof of the pudding is in the eating," or the new phrase, "Better Light-Better Sight." All of these phrases are applicable to selling store lighting and I am going to use them to point out the mutual profit that lies in better store illumination.

For the merchant, the main purpose of lighting is to attract buyers to merchandise or to make merchandise attractive to prospective buyers. In other words, the profit lies in the help that Better Light for Better Sight gives in disposing of merchandise or service at a profit. We can produce testimonial letters and statements from store operators telling how improved lighting systems have improved their business. However, doesn't the "proof of the pudding" lie in the fact that progressive merchants who have recently modernized are actually using light intensities far beyond our fondest expectations of a few years ago? In other words, they are "eating the pudding" and liking it.

MR. WATERMAN

AVERAGE KILOWATT HOUR USE PER MONTH—

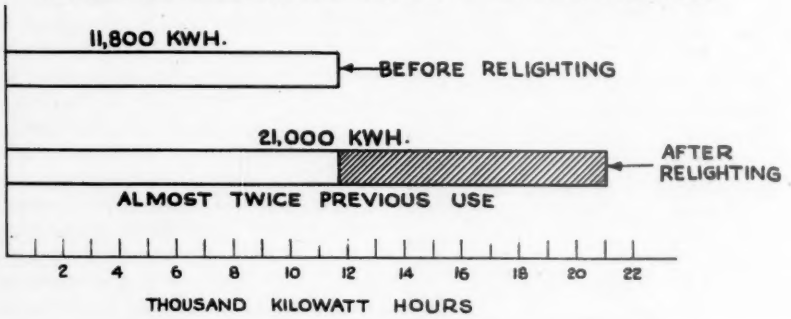


*Fig. 1—A Store in Buffalo, N. Y.*

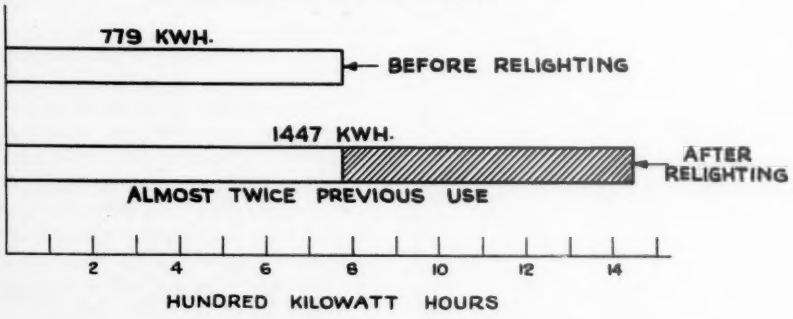


*Fig. 2—A Dress Shop in Buffalo, N. Y.*

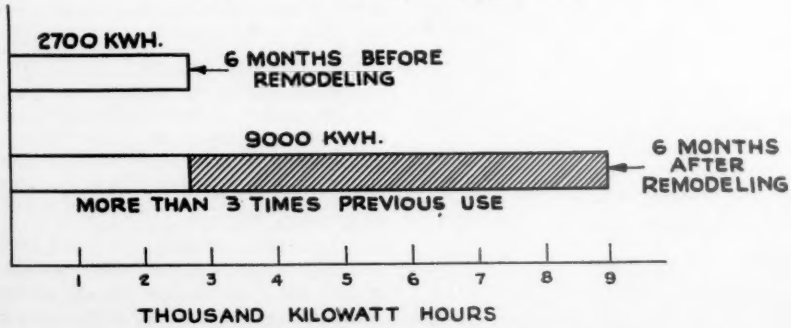
2700 KWH.
6 MONTHS BEFORE REMODELING
9000 KWH.
6 MONTHS AFTER REMODELING
MORE THAN 3 TIMES PREVIOUS USE
1 2 3 4 5 6 7 8 9
THOUSAND KILOWATT HOURS

*Fig. 3—A Store in Greenville, N. C.*

And wherein lies the profit to the central station? Additional kilowatt-hours, of course, and plenty of them if the jobs are done right. To illustrate my point, I am going to use pictures, or in other words the "Seeing is believing" technique which is so important in lighting sales work. The pictures will illustrate a few jobs which are typical of progress toward mutual profit.

About three years ago a leading department store in Hartford, Conn., backed up its sales people with a new lighting system which produced about 24 foot-candles of light on counters, or at least three times the average light in stores today. The kilowatt-hours sold to this store has been increased sharply but so has volume of business done. Lighting is the basic load, as shown by a typical daily load curve. Light uses the bulk of the kilowatt-hours with smaller amounts accounted for by escalators, air conditioning and other applications. The store manager is content with his investment. Certainly, this is a mutually profitable installation.

Here is an installation made in a store in Buffalo in 1936, a profit making im-

(*Continued on page* 152)

# Observations On Industrial Power and Heating Load Development

By H. C. Webb, Jr.
*Chairman, Industrial Power and Heating Committee*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

DURING the recent years of the depression the industrial business proved to be one of the toughest problems to handle. Due to low production in many of the industries and an effort on their part to make a profit wherever possible, there were many discussions of costs, service and other matters.

Even with these conditions, a substantial amount of industrial load was obtained by the power sales engineers. Its effect, however, was not apparent, due to the curtailment of operations in so many plants.

We are now feeling the effect of the business that was obtained plus the added benefit of the increased production in the factories all over the country.

The records indicate for another year a substantial increase in the total kilowatt hours sold for both large and small commercial light and power. In fact, the kilowatt hours sold to industry in 1936 represent an even greater increase over 1935 than any of recent years and larger, in fact, than any of the yearly decreases during the period of the depression. As in other classes of our business the total sales of kilowatt hours to commercial light and power reached an all-time high while the revenue per kilowatt hour reached an all-time low.

All of these facts are interesting and of importance in taking a glance at the industrial power sales situation today.

As I have said before, industrial power sales engineers have done, and are doing, an excellent job. Their work, however, can be of even greater benefit to the utility industry in the future than it has been in the past.

Their job is not limited to getting out and taking an order from somebody that wants to use a motor. Their job is not limited to telling how a motor should be installed. Their most important job is to show their customer how electricity can be put to work in his plant so as to increase his profits. The rate for service is purely incidental to the more material question of over-all profits from the particular business.

MR. WEBB

You have all heard the subject of competition in the sale of power to industry discussed in your local operations, and it is up to the individual companies to decide how they can best meet competition from modern steam generating plants and internal combustion engines as a source of motive power. The fuels available in any locality, together with labor costs and easy access to repair organizations and parts warehouses, will influence both the decision as to power supply as well as to the application of power to heat in industry.

All of these factors are of vital importance in considering the quality of service which a customer needs in order to insure the successful operation of his plant and the manufacture of his product. With the rapid changes which have taken place in the past several years in the problems of production of manufactured items, I know you are all impressed with the need for modernization of industrial plants in order that they may keep pace with the demands of the consuming public. Each plant faced with this problem is an excellent prospect for not only the installation of up-to-date equipment replacing obsolete and broken down machines, but should also be an excellent prospect for new applications of electric service which will enable him to make a better product at a lower cost than he has heretofore been able to manufacture.

With all of the various items entering into the cost of a completed manufactured product, the cost of electric power in the majority of industries is a small percentage of the total cost of manufacture. At the same time, it is one item of cost and alert plant superintendents are very naturally desirous of keeping these costs at a minimum. This attitude naturally leads into a discussion of the cost of electric service, which must be considered as an important part of our relations with our customers. If our rates for industrial service are properly designed to take care of the customers' requirements and with the engineering and sales talent available in our business, we will obtain all the business to which we are economically entitled, giving due, but not undue, consideration to the fundamental advantages of purchased power. There should be sufficient flexibility to permit the sale of power to a customer under any condition which he could secure if he had his own plant.

It may prove advisable to develop rate forms entirely different from those generally accepted today. During the past few years, this has taken place in the development of new residential and commercial schedules and I believe that in order for us to take advantage of the opportunities offered us in the sale of power to industry we may need to de-

velop rate forms entirely different from those generally accepted today.

I have made these same statements several times in the past few years and I am firmly convinced that sound, carefully prepared steps in this direction will increase the industrial power business on a profitable basis.

As you well know, the sale of electric power to industry slumped to a much greater extent during the depression than the other classes of business which we serve. This, of course, is a natural result of curtailed manufacturing operations. But—the sales of electricity to industry have not increased as rapidly as sales to residential and small commercial customers.

I have not heard an explanation of this condition that is satisfactory to me, but I do believe that if we are to continue selling power to industry we must devote the same effort and intelligence to the development of this class of business that we have given to the residential and commercial fields.

All of what I am telling you is an old story to power sales engineers. They know their jobs, but they do need the help of the executives in putting their job over in the manner which is most profitable to their company.

We must remember that every year there are more young men coming into our business, some of whom will go into power sales work. These men need training and experience in various branches of the company's operations in order to give them the background which they need in conducting our business with our industrial customers.

After they get the training in the company, they need to learn about the processes in the plants of their customers. After all this is done, they naturally must know their customers well, but of great importance, the power sales engineer should be encouraged in the study and development of new applications of electricity in the various industrial plants which he handles.

Quite a bit of this work has been done in the past but even more must be done in the future. The question of annual or seasonal load factors on our generating stations has always been a subject of considerable discussion. Undoubtedly, if further restrictions are placed on production schedules in manufacturing plants, this question of load factor will become even more important. The development of applications which can be fitted into various operating schedules and which will improve load factors is a problem that, if it is properly solved, will have a most far-reaching effect on the financial standing of our industry.

Many of you have already seen the effect which the air conditioning load has had on your load curves and load factors. In some cases this has fitted in very well with the balance of the load curve and has improved the load factors. In other cases the air conditioning load has brought about a distinct problem in system load factors.

Problems which exist in one section of the country do not necessarily find an exact parallel in other sections. The study of the problem must be localized to a great extent and each company must do its share in the development of new ideas and new applications. However, many of these problems are strikingly similar. Thus, the exchange of these ideas through meetings of this type will do a great deal to help each and every man and company who joins in such a program.

In the work of the Industrial Power and Heating Sub-committee of the Institute, it is our desire to collect and disseminate information which will be of benefit to the industry. The collection of information by mail is at best a difficult job. I believe you all feel as I do about questionnaires—if we receive one, that is entirely too many. However, in order to get information to be of benefit to all of us, these requests are necessary and when we throw them in the waste basket we eliminate the possibilities of the good which we all hope to get from them.

You will hear discussions later on in the afternoon about some of the methods and plans which are in effect and have proven successful. Tomorrow you will hear a discussion regarding certain problems affecting industrial sales.

One of the most important problems, rather I should say possibilities, in industrial sales today, I believe, lies in the development of the industrial heating load.

You have all heard of industrial heating in one form or another. The small industrial heating devices have become so generally recognized that no particular comment is necessary in connection with their possibilities.

The use of electric heat in soft metal melting in newspaper and printing plants is well known, but a great deal remains to be done in obtaining the maximum amount of this business which is available. The uses of baking, enameling and drying ovens in manufacturing plants is becoming much more widespread and there remains a substantial amount of this business for those companies who are equipped to go after this business and handle it satisfactorily after obtaining it.

The steel industry is finding many uses for electric heat in connection with melting, annealing, galvanizing, tempering and drying.

The glass industry offers many opportunities for the use of electric heat. The fact that the 200-inch mirror for the telescope on Mt. Wilson was annealed in an electric furnace should indicate the ease and accuracy of the control of electric heat which insures a better and more uniform product.

The larger units, however, such as applications in the electro-chemical and electro-metallurgical field are just beginning to be recognized and I look forward to a material increase in this type of business. In fact, I have hopes that the proper study and development of this type of load may give us the answers that all of us want in connection with the improvement of our annual load factor to a satisfactory point.

The field for the sale of electricity for industrial heating purposes is highly competitive and with the development of equipment using fuels other than electricity going ahead so fast, we must be keenly alert and give our best thoughts to methods of obtaining and handling this load.

In recent years an influence has been growing and I believe will become a more and more important influence on the overall sales of electricity to industry. It is a movement in which I believe our industry as a whole should be vitally interested and, while the direct effect of this movement and its relation to the sale of electricity to industry is not apparent to any large degree at present, I believe that in the next few years its effect on the question of power supply to industry will be readily seen.

I am referring to the Farm Chemurgic Council. If you have not read of the activities of this organization, I recommend that you study the proceedings of the first and second Dearborn conferences held in 1935 and 1936 respectively. The purpose of the Farm Chemurgic Council is given as follows: To advance the industrial use of American farm products through applied science.

Much publicity has been given to several of the more outstanding develop-

ments along the line of the application of various farm products for the manufacture of materials which have formerly depended upon entirely different sources of raw materials. I refer to the power alcohol plant at Atchison, Kansas, and to the paper mill now being erected in Savannah, Georgia, making use of slash pine as the raw material.

You have also probably read about the use of cotton in reinforcing bituminous surfaced roads. Considerable work is being done in connection with the development of new fertilizers. Tung trees are being grown in the south for the production of tung oil to be used in the paint and varnish industry, as well as in the manufacture of linoleum and oilcoth. I understand that it has also been used for waterproofing pressed board. The research in connection with plastics is bringing about an entirely new technique in the manufacture of any number of articles. Research in the pulp and paper industries is materially changing their processes and is also making available certain valuable waste materials. All of these developments will have an influence on the question of power supply to industry.

I am not speaking of the merits of these various activities but I do believe that we in the utility industry will be passing up a golden opportunity if we do not follow these studies very closely, aid them wherever possible and be ready to supply them with the power which they will undoubtedly require.

You all realize and have heard on numerous occasions of the interdependence of agriculture and industry but to a great extent people as a whole look upon this relationship as an intangible and unknown quantity which is subject to blame on either one side or the other when conditions are not satisfactory to everyone connected with both industry and agriculture.

If I may be permitted to prophesy a bit, I would like to predict that we are approaching an industrial revolution which will open up many possibilities for the application of electricity in the combined agricultural and industrial fields. Many experimental applications of electricity are daily taking place in the laboratories of the large manufacturers. Many of these are considered trade secrets at the present time, the processes or the applications have not been perfected, or they are not considered commercially practical at the present time.

In the next ten years, to prophesy again, I believe that the entire technique of the supply and application of electric power in new industrial plants will be radically different from what it is today.

The power engineer will be faced with new problems which will require his finest judgment and ability in order to obtain the best possible answer.

They have done an excellent job in the past and have proved their ability to meet the problems as they come up.

They have a responsibility which I believe they well recognize and that is to obtain new industrial business on a profitable basis. Our industrial business must bear its proper share of all the costs of doing business.

The power engineers will appreciate the interest of the executives of our industry in helping to work out plans by which a bigger and more profitable power load can be obtained.

The interest in the application of electricity in industry is growing daily. Hardly any trade journal of any industry appears without some reference to the application of electricity in that particular industry.

Are we taking the greatest possible advantage of the interest of the public as a whole in the utilization of electricity? The answer, as far as residential and commercial sales are concerned, is unquestionably that we are awake to these possibilities and are attempting to obtain the maximum profitable business.

As far as industrial sales are concerned, I wonder if the industry as a whole is giving its best thought to the development of a profitable industrial load to carry along hand in hand with the development and growth of the residential and commercial load. I believe that if each of you will ask yourself this same question and give unto yourself an honest answer, we can feel assured that the sale of power by electric utilities to industrial plants will continue to grow to the profit of all concerned and will very shortly surpass all previous records for the utilization of purchased power in industry.

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# Tapscott Elected President Consolidated Edison Company

AT the organization meeting of Consolidated Edison Company of New York, Inc., held on March 17, Oscar H. Fogg, formerly executive vice-president, was elected to the newly created position of vice-chairman of the board and Ralph H. Tapscott, formerly vice-president of Consolidated Edison in charge of electrical operations within New York City, was elected president and a trustee. Mr. Tapscott succeeds Frank W. Smith who, at his own request, was not reelected to that office in view of his impending retirement at the end of June under the companies' age limit of seventy.

Floyd L. Carlisle, Chairman of the Board of Trustees, was reelected to that office, and the following vice-presidents were reelected: F. H. Nickerson, R. B. Grove, W. Cullen Morris, A. H. Kehoe, E. F. Jeffe, J. C. Parker, Philip Torchio, John Stilwell, and W. W. Erwin. N. T. Sellman was reelected assistant vice-president; H. C. Davidson, secretary, and J. R. Fenniman, treasurer. Henry Obermeyer, director of the Advertising Bureau, was elected an assistant vice-president.

Mr. Smith will continue as a member of the Board of Trustees. Also, until his retirement, he will continue as president of Brooklyn Edison Company, Inc., and as president of the New York and Queens Electric Light and Power Company.

In announcing the new officers Mr. Carlisle said, "The Trustees have created for the first time in the Company's history the office of Vice-Chairman of the Board. This position will be filled by Oscar H. Fogg who has been associated with these companies since 1904, and who has been Executive Vice-President of Consolidated Edison since June, 1935. Mr. Fogg is not only thoroughly experienced in the technical and operating phases of the business but is also splendidly equipped for his administrative duties.

"Mr. Tapscott entered the employ of the New York Edison Company twenty years ago. He has had a distinguished career as an electrical engineer and is widely known throughout the industry.

"Mr. Smith has given many years of devoted service to these companies. He has been an outstanding figure in the electric industry and widely recognized for his pioneer work in the development of the alternating current system and in the introduction of the network system of distribution. He rendered distinguished service also as president of the National Electric Light Association and as chairman or member of many important committees and boards."

# Organization and Methods In Industrial Sales

By F. T. Brooks
*Philadelphia Electric Company*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

TO most sales organizations selling means the retail or wholesale marketing of something tangible; such as, goods found on the shelves of stores, automobiles, production machinery and raw materials, or even of insurance or advertising space. In our business, selling kilowatt-hours for industrial and commercial use is marketing something not only entirely different in itself because no one can visualize electricity, but it must be approached in an entirely different manner from usual selling because the fundamental principles of disposing of our product are unique and outside of the experience of marketing in almost any other sales field.

This difference is so extraordinary that I am going to review the main points at variance, which are:

1. Since our product carries no direct sales appeal in itself, our primary job is to sell our customers the idea or desire of using our service through the utilization of equipment made and sold by someone other than ourselves. Our ability to interest our customers and to sell kilowatt-hours depends entirely on the success of others in inventing, designing, manufacturing, and selling utilization equipment.

2. We must sell direct to the ultimate user without the intervention of any middleman. This holds good through the whole range of our customers from the smallest to the largest.

3. Our sales are confined to a relatively small section of the country wherein our territory lies and we are dependent upon a strictly local market. Due to this fact we are confronted with the necessity of disposing of our product on an economically sound, fact-finding basis, and to be successful we must have a most accurate knowledge of our own individual market.

4. Kilowatt-hours cannot be stored by our customers or by ourselves to smooth out variations in their requirements. Rates must be designed, therefore, to reflect our costs to supply the capacity required and the energy used, with the result that the unit price of our product varies with each customer's individual usage.

I do not believe that any power man will disagree with the statement that these conditions are fundamental and inescapable. I believe they will agree with me that these fundamentals have been disregarded many times in the past

MR. BROOKS

and that this oversight has resulted in unsatisfactory sales results, in expensive effort to hold dissatisfied customers, bad advertising, and loss of the customer's confidence in our knowledge of our own business.

At this point suppose we go back a bit and look at the changes in our market which have occurred in the last twelve or fifteen years. Not very long ago we considered our market to consist mainly of the sale of power to the isolated plant and to the new customers who located in our territory. Lighting was just a means of more or less sketchy and inadequate illumination to be used mostly when it was dark. Electric heating was something to be experimented with by a very daring and progressive individual who cared not for cost. Very few people knew what air conditioning meant. Ventilation consisted of putting an oscillating fan on a table or a disk fan in a hole in the wall. Mass production was starting but material handling was only beginning to receive attention. We heard a lot about Edison batteries and electric trucks in those days, but nothing much came of it.

Today, the available isolated plant market is quite limited for the reason that most of the isolated plants which we may reasonably expect to shut down are already connected to our lines. We cannot expect to obtain a real market for a satisfactory industrial sales performance from the remaining available isolated plants or from the new establishments which occasionally come to us.

We must accept the fact that if we are to increase our sales in a satisfactory manner we must look to those things which will enable us to supply an increased use of our service to our existing customers. Furthermore, it is necessary that we plan our organization and our sales methods with a view to the future so that our activities will never be restricted to the point where to all intents and purposes we have no further service to offer and our job for the most part will be to take care of existing business. In my opinion, our market may be defined as every use of electric service which we have to offer to our customers and prospective customers which will be mutually beneficial to them and to us, which they are able to buy.

In order that our service may be beneficial to our customers, they must save money by using it and make a profit for themselves. This saving may not be direct. For instance, the installation of air conditioning may be for the purpose of benefiting the health and well-being of our customers' employees. He saves money indirectly through their greater efficiency, increased production, and improved morale because of better working conditions. A heating operation may be more expensive on a direct cost basis when operated on our service, but the customer may save rejects of material, may improve his standards of quality which result in more business or an increased selling price, may cut down machining costs or the expenses of other manufacturing operations. The savings due to better lighting are definitely indirect. A customer pays us more money to make an indirect saving which will result in greater benefits to him in the last analysis.

Secondly, in order that the sale shall

be beneficial to us, our service must be sold at a profit. Our rates are designed to supply our services at a little more than it costs us to supply them. Sometimes we can increase our profits by reducing our rates and increasing our market possibilities.

The third point of this definition refers to the customer's ability to buy the equipment required and to pay for its operation. The necessity of considering this factor is just plain common sense. Some prospective customers may need things badly, but they are not in a position to pay for them or arrange to have an installation financed. We would be wasting our time and money in trying to sell them anything although we should check with them once in a while to be sure we are ready for them should their situation improve.

The primary responsibility of our sales organization should be to cover this market, select from it the active prospects, and sell them. The second responsibility of this organization should be the protection of existing business. We may sell service on a satisfactory basis to a customer today, but new conditions may arise in his plant tomorrow. These changes come about in many ways. An improvement in general plant practice, in generator performance, an alteration in power and steam load cycles and total requirements may make an isolated plant installation attractive to a customer. A reduction in the price of competitive fuels or the improvement in efficiencies of utilization equipment may affect the economic situation for a customer. Recent years have seen the development of high pressure steam generation, the so-called "topping" turbine, and improved economies in bleeder turbines available for industrial plant use. In addition to these possibilities, we have our competitors who are just as anxious to get their share of our customers' dollars as we are. More than one customer has been persuaded, and in some cases literally high-pressured, to order equipment and make changes in his plant without our having had the opportunity of fully presenting our side of the picture. We must maintain such a close contact with every existing customer that we know what is going on in his plant and have obtained his confidence to the point that he will not consider changes affecting our service until he has consulted with us.

If you will agree with what I have said up to this point, we have reached the conclusion that our organization must be designed to sell kilowatt-hours in the face of continually changing market conditions, to hold existing business in the face of ever changing conditions in our customers' plants, and these results must be accomplished with full consideration and understanding of the four fundamental principles which I have outlined.

It is evident, therefore, that the usual type of sales organization will not fit our problem nor will the use of generally accepted sales plans and methods meet our unusual market conditions. In the usual sales organization if you want a man to sell shoes, you will employ someone with sales ability who knows shoes and require him to operate along the lines of generally accepted sales methods. In like manner, all the usual products of industry are disposed of to their market.

If we follow this usual plan in our selling, we will soon find ourselves operating an uncoordinated sales force, each member of which is employed to sell a particular industry; such as, the ice business, textile mills, steel mills, or breweries. The same thing will hold if we assign our sales force on the basis of individual applications; such as, industrial heating, commercial cooking and baking, general motor applications, and air conditioning. In either event, these specialized salesmen will sooner or later be confronted with the practical saturation of their special field and not having been trained or experienced in the broader aspects of industrial sales work, they will find themselves facing a stone wall in their path of individual progress. Past experience has shown that new specialized selling fields do not always open at the same time that another one is about saturated. That being the case, the sales specialists will seldom find an opportunity in a new field because these openings will already be filled by another individual. Such a situation is discouraging to the individual, is destructive of flexibility in handling the sales force, and results over a period of years in the employment of a large uncoordinated force of salesmen each of whom, because he has not had general experience and training in industrial sales work, is unable to command more than a nominal compensation. This type of organization certainly does not meet our fundamental requirements.

The type of Industrial Sales Department which, in my opinion, meets the present requirements as to organization and sales methods is one which employs a sales force and a service force balanced to the needs of the situation. Before describing such an organization and its operation, I want to point out the fact that the one which I am going to describe has been developed from a decentralized operation employing a strictly salesman contact with customers to a centralized, sales-service type of organization.

A centralized organization has been developed because it affords the opportunity for closer supervision of personnel, for more complete and comprehensive sales methods, and for closer cooperation with other departments of the company and outside agencies. It has also been found to be more flexible, to offer better opportunities for proper training of personnel, and to maintain at the disposal of the salesmen the organization, facilities, files of data, and personal assistance and advice which would not otherwise be possible.

The sales-service idea was developed to enable the salesman to better perform his first responsibility, which is to sell. The system of assigning one salesman to handle each and every negotiation with his own customers has some attractive and excellent features, but such a system sooner or later forces a salesman to choose between his efforts to sell new business and the claims of existing customers on his time. In areas where industrial customers are widely scattered, some modification of this split-up between sales work and strictly service work has been made because of the saving of time and transportation expense, so that good judgment has been used in applying the idea.

I will now give you a brief but comprehensive outline of the organization and sales methods employed in handling the industrial sales activities of the power company which I have in mind. This company has its headquarters in a large city and operates in a territory of over 2000 square miles with a traveling distance to some of the outlying districts of about 80 miles. The total number of electric customers served is about 685,000 and of this number about 112,000 small industrial and commercial accounts are classified as retail customers and about 4400 large industrial and commercial accounts are classified as industrial customers. A Retail Sales Department with salesmen located in each of the company's district offices handles the customers and prospective customers

classified as retail and their activities are devoted to those whose existing or potential use of electricity is not in excess of 25 horsepower or the equivalent of power load. By potential use we mean the existing available load now utilizing other than our service. The Industrial Sales Department of the company and all of its personnel is located at the headquarters office and handles all customers and prospective customers whose existing or potential use of electricity is in excess of this defined limit.

In addition to this group of 4400 customers who comprise a market for additional use of the company's service, the market survey of the company indicates that there are about 5500 customers who are not using power service or who have loads of less than 25 horsepower which are available prospects for service of a capacity which falls within the scope of industrial sales activities. The Industrial Sales Department, therefore, has an available market of about 10,000 customers and prospective customers.

I have recited these few statistics in order to give you some idea of the size and character of the territory and business of the utility which I am using as an example. I do not believe it is an unusual situation—on the contrary I think you will agree with me that it is quite typical and not unlike many other power companies in the country, although some are larger and some smaller.

The personnel of the Industrial Sales Department is composed of a sales force and a service force, each division operating under proper supervisory control. The necessary clerical and stenographic personnel is, of course, provided. In developing this organization, due regard has been given to the fact that salesmen cannot sell kilowatt-hours during the time they spend in the office. To enable them to spend as much time as possible in actual selling work, they are provided with all the selling aids that can be reasonably given them in the form of engineering assistance, rate analyses, competitive and new business reports, and advertising.

In the way of office routine, they are required to follow a simple, but at the same time thorough, procedure designed to limit office work to a minimum. So that each salesman knows, and those who are directing their efforts know, what there is in the way of prospective business from which their active market is developed, a record of customers and prospective customers is kept in a visible Kardex file. On each customer's card is placed certain information about the nature of his business, what equipment he has installed, and what he may be interested in. Through this means there is an up-to-date running survey of the market which is kept up by the salesmen, and by following it, emphasis is placed upon the objective with each customer, whether it is to shut down generating equipment, sell him the idea of installing a heat treating furnace, or perhaps better lighting. In addition to this, they make out daily reports of interviews, request estimates from the operating or engineering department for the introduction and reenforcement of service facilities to a customer's plant, prepare releases on which they indicate the business under negotiation and certain other data necessary for a review of the case before their proposal is submitted to the customer. They check proposals and contracts which are prepared for them and check the orders which have been issued for them on other departments of the company to perform work necessary to supply the service for which they have obtained a contract.

The company's contact with its industrial customers is through the salesmen. The salesmen, however, have at their disposal the personnel and facilities of the Service Division to assist them with any particular problem at hand. The Service Division is comprised of a number of sections, each of which performs a different function. This Division prepares rate analyses and rate studies for recommendations to the management for any changes in rates which may require consideration from time to time. Servicemen are available to the salesmen to make service calls on their customers in answer to questions they may have about power bills, rates, and service. The Service Division takes care of tests of individual equipment or complete plants, conducts plant surveys and prepares production flow charts, studies on changes in plant operation, and reports for the use of the salesmen as a result of such investigations. The sales promotion section of this Division investigates new developments and prepares memorandums on these from time to time for the salesmen's information. They prepare reports on new applications; such as, for heating, material handling, air conditioning, lighting, and in the motor field. They also handle the contacts with manufacturers and arrange the details of campaigns on special applications which are conducted from time to time to focus the attention of the cream of the available market to the particular application.

I wish to emphasize the fact that in all these activities the Service Division is assisting the salesmen by relieving them of the necessity of handling the details of minor or major problems with their customers and of doing a tremendous amount of individual research and office work in preparing the material which they must present to the customer in order to successfully conclude the sale or perhaps hold his existing business.

The salesmen also have at their disposal a section of the Sales Division to take care of the preparation of proposals and contracts and the issuing of orders. This Records and Routine Section also prepares regular reports of departmental activities which give a record of the progress being made and the results that have been accomplished.

You will see that under this type of organization there is an orderly system of customer survey, selection of prospects, sales helps, the relief from unnecessary office routine and reporting to account for results.

Such an organization uses all of its salesmen to sell all of the market on whatever application may be ripe for sales development. This organization is built so that it can attack the various sub-divisions of the available market, push them to saturation, and then move the same force to another part of the field so as to avoid the necessity of continually employing new specialists and discarding or shelving older specialists who have outlived their usefulness in their particular field. This permits a fewer number of higher-class, better-paid men and makes for higher organization morale because of a broader knowledge of the business by the individual salesman. This type of organization also fulfills a definite requirement for adequate training of sales personnel and offers a broader opportunity of advancement from the point where a man comes into the organization as a junior serviceman engaged in adjusting billing troubles and preparing rate analyses up through the organization to a senior salesman or into a supervisory capacity.

In case any of you have any doubts as to whether such an organization will function successfully in a combination property, I wish to state emphatically that it has been found to be successful

in a property selling power, manufactured gas, and central station steam. In fact, after several years of experience with different salesmen from the same department handling these different services separately with customers, it has been found that combination salesmen, selling all the services the company had to offer, produced most satisfactory results. Such a system cuts down the multiplicity of calls, results in obtaining better opportunities for discussing problems with customers, keeps our salesmen in closer contact with them, saves time for both the customer and the salesmen, reduces traveling time and expense, increases customer's confidence, and results in increased business at reduced selling cost.

In describing this organization, the method of selling employed has probably been fairly well indicated to you. The assignment of customers to each salesman is generally made on the basis of geographic sub-divisions of the territory. Salesmen are expected to develop a close enough contact with their customers and to so conduct themselves that they will be in a position to know what is going on in their plants, what plans they have for the future, and what their problems are. Through this knowledge the salesmen are able to formulate an idea of what they may be able to offer in the way of additional uses of power service which may be of benefit to the customer. Having developed a receptive idea on the customer's part, they have the Service Division at their disposal if they require assistance in the preparation of the case for the customer's consideration. By calling on their customers with such frequency as the demands of the situation warrant, the salesmen are able to apply the required steady pressure on the available market.

In order that maximum results may be obtained, something in addition to this steady sales pressure has been found necessary. The answer to this extra something has been found through the use of campaigns designed to focus the attention of the available market to the particular application to be stressed. For maximum results these campaigns, in most instances, must be a cooperative effort between the manufacturers and the power company if they are to satisfy the fundamental principle which I have previously mentioned—that the sale of our product is dependent upon the design, manufacture, and sale of utilization equipment by someone else. In the past, manufacturers have developed, manufactured, advertised, and sold their equipment without definite coordination of their efforts with those in the power industry. Spasmodic attempts at cooperation have been made revolving upon the idea that the manufacturer should supply the advertising matter, after which the power company could supply the man power for selling both the idea and the particular manufacturer's equipment. Due to the complication and the enormous diversity in industrial equipment such methods have only been partially successful and have led to considerable criticism by the other manufacturers who felt that they were suffering unfair competition due to the cooperation of the utility with a single manufacturer in a particular campaign.

Outside of these occasional arrangements, the utility salesmen and the manufacturers' salesmen have gone merrily on their way attempting to sell their respective products without much thought of coordinated sales effort. Industrial power salesmen should certainly know their industrial and commercial market better than anyone else. It should also be true that the manufacturer of utilization equipment with all its variety and diversity is in a better position to sell his equipment than the industrial salesmen. Certainly a sales effort directed at that part of the market which is most susceptible to increased sales pressure at a given time, which we may consider to be the cream of the market, cannot help but show better results if the power company selects that part of the market to be attacked, covers it by proper advertising predicated on selling the idea of the application, follows that advertising immediately through calls by its salesmen, and then the sales force of the manufacturer calls on the good prospects so developed by the utility in order to close the sale of the equipment.

Here we have a picture of each interested party in a transaction doing the thing which he is best fitted to do, but doing it at a planned time in a selected market in a definite sequence of effort. Such methods also lend themselves to a complete planning of the year's activities for separate and distinct campaigns on different applications, timed at the proper season and aimed at the right section of the market. Campaigns of this kind can be planned for recurrence year after year with revisions to cover the changing available market for the particular application and to develop new markets as old ones become saturated.

Campaign methods of this kind permit close supervision and control of the entire promotional effort of the company and insure continuous annual attack on the most desirable fields. An added advantage is the closer cooperation with those who are marketing utilization equipment in your territory and of obtaining with them a better mutual understanding of the individual problems of each. Campaigns of the type which I have outlined lend themselves to almost every conceivable type of installation where there is any possibility for volume sales by the manufacturer. They have been applied successfully to large and small electric heating installations, to air conditioning, to lighting, and to other applications.

As an adjunct to the steady sales pressure of the sales personnel and to the cooperative campaigns with manufacturers, I suggest your consideration of advertising. I believe you will agree with me that so-called institutional advertising is of very little benefit to an industrial power salesman. There are some kinds of advertising, however, which can help him. I refer to direct-by-mail advertising which, as an example, may be aimed at the isolated plant operator, telling what the power company may be able to do for him in supplying his power requirements and what other satisfied users of purchased power service have experienced in the way of reducing operating costs, improving production methods, and the resulting advantage through eliminating the responsibility for operating a generating plant in addition to producing the products which they are endeavoring to manufacture. In my opinion such advertising is valuable but only when it is followed up by a call from the industrial power salesman to tie the general subject into the individual prospects own situation.

Another form of advertising found to be helpful is a direct-by-mail broadside properly prepared and illustrated by photographs and testimonials from customers who have had problems which we have assisted them in solving. Since such advertising is sent to all customers, it would be physically impossible to follow it up by a call, but it at least directs their attention to the fact that we are always ready to help them with any problems connected with the purchase

or utilization of the power which we supply. By calling this to their attention they will, in many cases, ask us for our advice and recommendations rather than place themselves in the hands of those who do not have their best interests at heart, but are only interested in obtaining a fee for services which the customer has a right to expect from us.

This type of organization also functions satisfactorily in the second responsibility of an industrial sales department, which is to hold existing business in the face of continually changing conditions in our customers' plants. The contacts which each salesman makes with his customers in developing the available market, will give him a familiar knowledge of the customer's plant and his problems and should obtain for him the customer's confidence, if it can be obtained. If any consideration is being given to any change in the customer's plant affecting our service, it will usually come to the salesman's knowledge. In many cases a very high order of salesmanship is necessary to retain existing business under conditions that exist today. No one is better qualified than the salesman who has probably obtained the original contract for the customer's business, or, in any event, has been contacting the customer over a period of time, to handle such a situation when it arises. This sales-service type of organization is of tremendous advantage when problems of this kind have to be faced. Through information which the Service Division has gotten from isolated plant investigations made to obtain business and from many other sources, they have a wealth of data in their files and considerable experience with customers' problems in operating generating plants from which to prepare the necessary ammunition for the salesman to use in his arguments as to why his company should continue to enjoy this existing business. In many cases, alterations in the operation and power requirements in the customer's plant have made the installation of an isolated plant seem attractive, and where plant surveys are indicated or tests of equipment are necessary, the personnel and facilities of the Service Division are available to make these original investigatons and prepare reports for the salesmen.

In handling such competitive situations, as in selling new uses for our service, the salesman is the representative of the company with the particular customer and outlines the plan of campaign, handles the negotiations with the customer, but depends upon the Service Division for all the engineering support which he may require.

In connection with this problem of maintaining our existing business, I think it might be well at this point to recall to your minds the old axiom that "honesty is the best policy." It may be perhaps that a mistake has been made by the customer in contracting with us for the supply of all or part of his load which he might without question generate more economically himself; or, it may be that changes which have occurred in his plant or improvements affecting generating efficiencies since he contracted for service indicate that he can now do better by generating a part or all of his requirements. If after the entire problem has been analyzed in the light of all the facts it is possible to obtain and we find that such is the case, we should always be frank and honest enough to advise our customer accordingly. Only by adopting such a course can we continue to enjoy the confidence of our customers and of the consulting engineers, manufacturers, and electrical contractors who have business relations with us and with them. It is the best policy not only because it is the only honest one, but because it places our business on a much surer foundation.

In presenting this subject, I have stated that the type of organization required and sales methods used have to be planned for the objective of obtaining the best possible results in selling the maximum use of our service and of retaining the maximum amount of existing business with due regard for several fundamental principles which are unique in this business of selling kilowatt-hours for industrial and commercial use. I trust that as I have developed my subject you have been able to agree with me upon the facts and conditions with which we are confronted because, if so, I am confident that we have reached an agreement that the type of organization which I have described will fulfill the basic requirements in every particular and for that reason merits your thorough consideration.

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## International Conference on Large High Tension Systems

UNUSUALLY heavy advance registrations are reported for the International Conference on Large High Tension Electric Systems (CIGRE) to be held in Paris, June 24-July 2. The forthcoming session is the ninth biennial session of the permanent organizations of CIGRE, which was created in 1921 under the auspices of the International Electro-Technical Commission.

Frederic Attwood, 50 Church Street, New York City, who aided in creating the Conference and has headed the American delegation to each of the previous conferences, will again serve as head of the American delegation.

The permanent American National Committee of CIGRE is now constituted as follows: Mr. Attwood, President; Mr. E. L. Moreland, Massachusetts Institute of Technology; Mr. Philip Sporn, American Gas and Electric Company; Mr. F. A. Allner, Pennsylvania Water and Power Company; Mr. W. W. Lewis, General Electric Company and Mr. P. L. Bellaschi, Westinghouse Electric and Manufacturing Company.

The last session, held in June, 1935, brought together 834 delegates and 288 associates from 43 different countries who presented and discussed 150 technical papers on all subjects related to high tension problems. The proceedings are conducted in English, French and German and are published and available to regular delegates whether or not they attend the sessions. The 1937 session is expected to bring together a still more representative group, and 112 reports have already been presented for discussion from 20 different countries. The American quota of technical papers for the forthcoming session is now complete and is as follows:

1. "High Speed Clearing and Ultrahigh Speed Reclosing of Faulted High Tension Transmission Lines" — Philip Sporn, American Gas and Electric Company.
2. "Lightning Currents and Voltages on Transmission Lines"—W. W. Lewis, General Electric Company.
3. "Lightning Proof Transmission Lines" —A. F. Bang and E. Hansson, Pennsylvania Water and Power Company.
4. "Investigation by Precise Measurements of Suspension Insulator Design Characteristics from the Standpoint of Service Requirements"—L. A. Meisse and J. J. Taylor, Ohio Brass Company.
5. "Lightning Stroke Tests on High Voltage Apparatus in the Laboratory"—P. L. Bellaschi, Westinghouse Electric and Manufacturing Company.
6. "Insulating Oils"—Kenneth S. Wyatt, The Detroit Edison Company.

# Analyzing the Customer's Power Requirements

**By E. A. Steinbuehler**
*Brooklyn Edison Company*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

DURING THE PAST few years electric utility executives have felt that more and more stress should be placed on sales. This is readily understood when it is realized that 1936 energy usage nationally showed an increase of nearly 16 per cent over 1935, while actual revenues increased only about 8 per cent. In other words, with rate reductions and mounting taxes, it was necessary for us to sell in the neighborhood of 8 per cent more energy during 1936 to keep revenues constant, and we actually had to sell 16 per cent more energy to raise revenues 8 per cent. Hence, the ever increasing and essential need of greater and greater energy sales becomes obvious.

Knowledge of the market, the proper customer representatives, the needs, problems and even philosophies of our customers, cannot be reiterated too often. Like perhaps most other electric utilities, in the Brooklyn Edison Company we have built up, stored and brought up-to-date periodically, lists of prospects in the following classes: isolated plants, industrial power, ventilation, commercial and industrial refrigeration and air conditioning, industrial heating, commercial cooking and baking, commercial and industrial lighting, space heating, electrolytic processes and wholesale domestic refrigeration and cooking in apartment buildings. Frequent calls have been made and specialized services rendered. But with all this, we have not gone as far as we feel we should.

The fundamental sales appeal of making a customer want something else, by making him dissatisfied with that which he has, occurs in many odd ways. We must be ever alert to recognize a situation which would permit us to follow through on such cases to an advantageous and satisfactory conclusion.

A customer may for any of a number of reasons be dissatisfied with the cost or inconvenience of purchased power. The customer having voiced his dissatisfaction, inferentially or otherwise, the initial call is made by a power salesman or rate engineer who finds it necessary

MR. STEINBUEHLER

to explain the rate classifications or billing methods of the utility company. Having done this, the power salesman should not feel that he has satisfied the complaint; for actually he has performed no service either for the customer or his Company, other than to explain the rate, and he has not taken advantage of the chance of making use of his most valuable sales tool.

With careful study it will be recognized that almost every complaint offers an opportunity for load building.

A complaint permits us to carefully analyze a customer's requirements, study his production methods and take cognizance of any processes which might economically be electrified. Sound judgment may dictate that all suggestions should not be made at the one time, but having once obtained the customer's confidence you will be amazed at the many helpful suggestions you will be in a position to make, all of which benefit the customer and result in greater kilowatthour sales. The opportunities are limitless, almost wholly dependent on the power salesman's initiative, ability, and vision. I am firmly of the conviction that even the most highly trained technician often fails because he lacks what I like to term, "sleuthing ability," that is, the ability to ferret out and immediately recognize the many load building possibilities in any customer's plant.

Although these suggested methods of approach were the result of customer complaints, *you will realize, of course, that the same methods may be applied in any customer situation where entree has been gained for any reason.*

In our Company we constantly stress the importance of this initial contact. I am satisfied that our power salesmen are daily becoming more expert in their ability to develop the new business which is obtainable with proper knowledge of conditions.

In Brooklyn there are 15,000 industrial customers whose annual consumption represents 42 per cent of our total energy sales. It is apparent that the best opportunity for industrial load development lies not in the few new customers or the customers making changes but in the thousands of plants where many possible electric applications lie dormant because of lack of knowledge on the part of the customer or lack of opportunity on the part of the power salesman. Occasionally, a possible power application may be noted on a visit to the plant when the power salesman has to walk through a portion of the plant on his way to the office, or by engaging in a discussion with the customer. But the best and most effective method is the making of a plant study without cost to the customer.

Some customers are readily agreeable to the offer of a plant study, while others are reluctant in varying degrees possibly because of trade secrets, belief that the data will not remain confidential, fear of production interference, distrust of motives or actual dislike for the utility company.

A plant study to justify itself must be thorough in that no operation, process, employee or part of the building or its equipment should be left unstudied.

Our general method of conducting a plant study is as follows: After permission has been obtained and before the initial visit to the plant, the company records such as demand charts, and energy consumption for a year or more are studied by a utilization engineer, who is a specialist in such studies, to determine possible load factor improvement or the possibility for adding off-peak load, and all available data concerning that particular industry are reviewed. On the first visit to the plant with the power salesman, an effort is made to rather quickly go through the entire plant under the guidance of some executive who is familiar with all processes. Later the various portions of the plant are taken separately and studied in detail.

Time will not permit a complete resume of the possible applications that may be present in the average industrial plant, but I will try to indicate a few that usually offer the best possibilities of load development and economy of operation.

Most rates are so constructed as to reward load factor improvement. The billing demand meter curves will indicate the load variation and will show the possibilities of load factor improvement. Tests will indicate the existing power factor. The plant machines and operating schedule should be studied to see what can be done to effect improvement.

Some of the methods used for load factor improvement are two or three shift operation instead of one or two; controlled operation of intermittently used machines; definite schedules for certain large machines; additional load on "off peak" that can be justified by the low increment power cost. Sometimes one or more of these methods can be used but at times such factors as increased supervisory costs, lost time by employees, production interference, neighboring conditions, and labor laws may make load factor improvement impractical or impossible.

The electrical equipment should be studied for inefficiencies such as incorrectly loaded motors, wiring, etc., misapplication of group or individual drives; high friction losses on machine, motor or shaft bearings; wrong or deficient control applications and insufficient or poorly designed lighting. Some tests may be required to evaluate the results of any changes deemed desirable.

The building heating system should be examined for such possible improvements as more economical fuel such as oil or pea coal involving electrically-driven pumps, preheaters, blowers and conveyors; electrification of steam engines; incorrect steam pressure; low summer requirements may justify electric steam generator; insufficient insulation; inefficient boilers; unit heaters and humidifiers.

When water is purchased many economies may be made with electric applications such as well pumps, cooling towers, salvage pump for used clean water, better utilization of service pressure, winter heaters for outdoor tanks, drinking water coolers, increased efficiency by mechanical repairs on pumps and system and sump pumps.

Throughout the survey improved ventilation, lighting, material handling and process flow rearrangement should be kept in mind together with applications for newer uses such as electric heating, air conditioning and dust filtration. At times opportunities for an improved or new product or reduction in rejects or waste products may present themselves.

Some plants will be surveyed that are overflowing with load development possibilities while in others the barrenness in this respect is almost discouraging. We have found, however, that our customers are universally grateful for our efforts and we have never failed to increase good-will whether any new load applications or plant economies appeared or not.

Perhaps it will be of interest to cite a few cases which have engaged our attention and indicate some of the results that have been obtained.

### Metal Products Plant

A large metal products plant, producing metallic wrapping foil, tooth paste and shaving cream tubes, felt that they should have a reduction in their rate. They were, at the time, considering a Diesel installation to generate the bulk of their requirements. It was discovered immediately that the management was also contemplating a substantial addition to the plant. The Diesel threat was not serious at the moment. The immediate concern was to get the new equipment operating. We offered to first lay out the wiring for the new plant and then to undertake a complete survey to develop any possible operating economies.

Plans were prepared covering a complete electrical layout for the service and metering facilities, a 3000-ampere bus from the service location to the main switchboard, and suggested wiring for alternating-current motors, motor generator sets and direct-current motors. Complete plans for lighting anld suggested lighting equipment were also included in the report.

Upon completion of the electrical plans for the plant addition, the study to determine possible operating economies was undertaken. The eight different departments of the plant were studied in some detail. The connected load was well over 800 horsepower. The bulk of the production occurred on the 8 a. m. to 4 p. m. shift. Production on the 4 p. m. to 12 midnight shift was fairly heavy. Practically no power was required from 12 midnight to 8 a. m.

The survey indicated the practicability of transferring the operation of some of the mills from the first to the third shift, with a resulting estimated annual saving of about $2500. It was also found that by proper scheduling, the proposed additional 200 horsepower in power equipment could be operated and still leave a substantial saving over previous electrical bills.

It is interesting to note that an application was found for a 75-kilowatt electric furnace to recover scrap aluminum which would net a saving of over $1,000 annually.

Recommendations were made for improved lighting throughout the original plant and further possibilities for factory ventilation, office air conditioning and a cooling tower installation to serve rolling and reducing mills were noted.

It was found that the customer was being billed on the most favorable wholesale rate, and needless to say, the results of our study stayed further serious consideration of the Diesel plant. In fact, this proposition has never reached the negotiation stage.

The picture is even brighter than indicated above. At the time we started our studies the customer was paying us about $850 per month. As a result of increased business—our revenue is now about $1600 per month. The plant load factor has increased from about 30 per cent to nearly 40 per cent. Furthermore, this customer became interested in another 125-kilowatt electric furnace to melt pig aluminum.

### Large Department Store

The management of one of our large department stores started an intensive drive for operating economies. As one step they threatened to start up an old direct-current plant, which had not been used for several years, to supply a

fairly large block of their load. They accepted our offer to study their entire store for the purpose of developing any possible savings in the use of their electrical service. Both direct current and alternating current were being supplied to the premises.

A survey of the power and lighting facilities disclosed the fact that they might be able to qualify for a more favorable rate. To qualify, however, the customer would be required to discontinue his direct-current equipment, and, in addition, a fairly substantial block of alternating-current power equipment would have to be installed.

The management had been considering air conditioning, for a part of the store, for some time. Inasmuch as the installation of this equipment would shortly be necessary, they were able to justify going ahead with their plans on a somewhat more extensive scale than had originally been planned in order to take advantage of certain operating savings. To date they have installed 1675 horsepower in air-conditioning equipment and are now installing an additional 500 horsepower. The direct-current motors have recently been replaced with alternating-current motors, thus enabling the store to qualify for a better rate. The probable operation of the old direct-current plant was discounted from the beginning but the certainty that it will not be operated in the future is now assured.

#### Oil Refinery

We have an oil refinery with several thousand horsepower of steam-driven equipment. The only electric power used on the premises is for lighting and a few small motors connected to the lighting circuits.

For many years we were unable to even get inside of the property. The executives of the refinery were always courteous but firm in their belief that their heat balance was so good that any attempt on our part to substitute central station service was not only impractical but a waste of their time and ours. Our salesman was persistent. Abandoning his contacts with the plant superintendent, he became acquainted with the electrician and through him the chief engineer. At this stage, he got his first opportunity to go through the plant.

Through his contact with the chief engineer, our salesman found that they were dissatisfied with the unstable frequency of alternating current supplied to some very important meters. His next step was the installation of a small single-phase, 60-cycle service. Not much but the ice was broken. At last we received permission to take indicator cards on some of the engines and thus demonstrate our testing facilities and methods of making cost comparisons. A conference was held with their chief consulting engineer regarding our large power rates. The effect of this conference was almost disastrous when the consulting engineer recommended a $500,000 isolated generating plant. Fortunately the recommendation was not accepted.

A new chief engineer was installed at this time. He discovered that while the steam balance had been good in the past, changing processes and modern equipment created an over supply of exhaust steam. He also realized that some contemplated future changes would further add to the excess exhaust steam. We offered to make a complete cost analysis including tests, etc., but they decided to make their own study with the aid of our facilities. At last we were getting somewhere. One by one the various steam units were studied and last summer we were asked to prepare a rough estimate of the cost of electrifying and operating some 2500 horsepower in steam pumps. The results were carefully studied by the plant engineer and looked good enough to warrant a more accurate picture. We prepared specifications covering 2902 horsepower and these were submitted to an electrical contractor for a definite bid. Contracts will soon be signed for approximately 2000 horsepower in motors and 100 kilowatts in light with a quite definite promise that proposed process changes would add 1000 horsepower more within a year. Our work is not yet finished as there are many steam pumps remaining. We have every reason to believe that we will gradually acquire the entire load.

#### Conclusion

Obviously the preparation of a good report containing the results of a plant study requires the services of a trained engineer who has had a wide experience in industrial work. The reports should continue to improve in quality as the engineer adds to his experience. Applications seen in use in one plant become load development possibilities in others.

The report should be submitted to the customer by the power salesman who covers the district. It should be the power salesman's duty to be thoroughly familiar with the report, consulting with the utilization engineer as often as required, and he should, if he deems it advantageous, have the engineer accompany him when he presents the report to the customer. The responsibility of following up the report and selling the load development ideas to the customer rests with the power salesman.

As a concluding thought, let us very definitely place the emphasis on salesmanship and selling before the engineering. Let us not even submit highly technical reports. They seldom receive consideration, and if they do, it is not by the customer representative who makes the decisions. Instead, let us sell electric service on its modernity, its efficiency, its benefits, and its economy. Not that reports are not helpful and advisable, but they generally are not the controlling sales factors.

We are selling a commodity which has done more than any other to make progress for mankind. Who can deny the relationship between the 100 billion kilowatthour energy output of the power industry in the United States during 1936 and its World supremacy in industrialization and accompanying higher standards of living? We have the product, there is none better. We have the market, practically limitless. We have a fair price for our product which varies inversely with our sales. We have executive appreciation of sales. We have the cooperation of commercial enterprises but we must provide the connecting link, salesmanship and service, to obtain the greatest benefits for all.

The road is clear, the 1937 pace will indeed be a fast one.

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## Boston Edison Company Appointments

Louis R. Wallis, veteran Boston Edison executive, was recently appointed assistant to the vice-president and general manager. Julius Daniels has been appointed to the post formerly held by Mr. Wallis, head of the commercial bureau in charge of sales and promotion work.

Mr. Daniels has been associated with the utility company for 24 years and is widely known throughout the industry. He is president of the Air Conditioning Bureau and in 1932 served as president of the Illuminating Engineering Society.

# Handling The Customer After Connection

By C. B. Morin

*The Ohio Power Company, Canton, Ohio*

An address before the Fourth National Sales Conference, Edison Electric Institute, Chicago, March 30-31

THIS QUESTION of handling customers depends largely upon the value of our contacts with them. The word "Contact" is all-inclusive and literally means to touch at all points. We can hardly approach in practice the literal meaning, but we must meet our customers at as many points as possible. A considerable amount of tact in formulating these contacts is necessary and to my mind the word "tact" simply means the ability to do and say the proper thing in any given situation. By this I mean that unless a principle is involved, one cannot do or say just the thing that you feel should be done or said, but one should do and say those things which will be appropriate.

I have just defined the word "contact" as meaning "to touch at all points". Let's just pause and see what is necessary to secure proper contact. All customer problems have to be thoroughly analyzed so as to determine who and how many in the customers' organizations should be contacted. One might find that on certain problems it is necessary to contact the owner or manager while on other problems the superintendent, foreman, maintenance man or some other department head would be the proper individual. Still other problems might even require contact on all responsible persons in that organization.

There are a number of factors that have to be considered by the salesman when making proper contact on his industrial customer, a few of which are as follows:

***First***—the position the industrial holds in the community where he is located.

***Second***—the type of business and the product which is manufactured.

***Third***—the use made of the product manufactured.

***Fourth***—the relations either socially or in a business way which he has with other members of the utility organization.

***Fifth***—whether the customers of that industrial generate or purchase their energy requirements.

***Sixth***—reciprocal business which may exist between the industrial and utility. This item has been over-done in several cases. It should be developed with extreme care so as to avoid adverse reaction later.

***Seventh*** and most important—the type and occupation of the individual being contacted.

MR. MORIN

I realize that this list does not completely cover all the various factors but in general, I believe, it gives a fair picture of what must be taken into consideration. There is, however, a particular group of customers or type of contact that I wish to discuss in detail. This type of customer has plants located at some point other than where their Main Office is situated. I am wondering if the utilities in general are not prone to slight the Main Office. No doubt a number of you can recall instances where trouble has arisen with this type of customer and later analysis showed that if you had contacted the proper party in the Main Office, earlier, no serious trouble would have resulted. How many times have you been advised by the local manager of this class of customer, that his Main Office has just purchased isolated power plant equipment? A thorough investigation (made only too late, however) would reveal that some responsible person in the Main Office was not satisfied with their local purchased energy set-up and, without consulting his local organization, proceeded immediately to purchase equipment to generate his energy requirements. The local management might be perfectly satisfied with his present purchased power arrangements, but, having no voice in the matter, and in fact not even being consulted about the situation, could not inform the utility representative of any dissatisfaction. The utility had no opportunity of presenting their story and a customer was lost which possibly might have been saved if the proper individual in the Main Office had been interviewed prior to this purchase of generating equipment.

To further illustrate the value of Main Office Contacts, I will jump to the commercial field of which the chains stores are a part.

I am reminded of a person in charge of formulating the electrical policies of a large chain store. He remarked that he had been responsible for that work for a number of years and to date, had had the opportunity of discussing utility problems, in person, with only two different utility representatives. He did not seem to understand why utilities did not try to make more personal contacts so that a thorough understanding of mutual problems could be had. I might say that this individual is contacted very frequently by representatives of isolated power plant equipment. Recently, these salesmen have been successful in having him purchase generating equipment for trial.

I am also reminded of another instance, where a special department has been organized by a large five and ten cent store chain. This department is responsible for all contacts between that chain and the various utilities. The members of the department have frequently lamented the fact that most of their contact with utilities has been at long distance, generally by letter. They wished that the utilities would make more personal calls so that an appreciation of the common problems of both could be had.

I realize that this question of contacting main offices of organizations located in places other than where you serve them, involves the item of expense; but I wonder if we are not losing sight of this valuable contact and subordinating a few dollars of expense to that of thousands of dollars of revenue derived. More and more the main offices of large organizations are becoming personally active in handling negotiations for the purchase of energy for their local institutions. I do not mean by this that contact with the local organization should not be cultivated. By all means win over the local management so that he will have a full appreciation of our service to him. Many times he can be helpful in formulating in his Main Office a friendly attitude, leading not only to a satisfied customer but extremely valuable when additional use of energy is contemplated.

One very important service in contacting the customer is making recommendations for increased use of energy. This is not only of advantage to the utility from the standpoint of additional revenue but is a very good means of satisfactorily answering complaints.

It is quite possible that an industrial customer has certain processes in manufacturing their product which are very inefficient. In the final cost figures the manufacturer might arrive at the conclusion that his electric power cost is responsible for his high product cost and complains to the utility. After the salesman has thoroughly investigated the matter, he might find that there are certain processes which are contributing factors to this high product cost and that these processes do not involve the use of electricity. A further analysis might show that if these processes were changed and the use of electricity made, the over-all product cost would be lower, yet it would increase his use of purchased energy. Results of this nature are generally attained through labor saving and reduced product rejection.

The matter of locating the members of the Power Sales Department is of vital importance. This does not concern the utilities operating in the larger cities to any great extent where the customer's organization is composed generally of citizens of that city and here inter-city jealousies are not present and the matter of transportation of the department members is of small concern. On the other hand, there are a large number of industrial plants located in the smaller cities and villages. Here we find the average jealousy which unfortunately exists between cities and villages. If the utility representative makes his home at some other point than where his customer is located, there automatically appears that feeling on the part of the customer that he is dealing with a stranger. This feeling is another barricade which has to be overcome in order to obtain proper relations. I realize that it is impossible to locate a power salesman in every small city or village, for reasons of economy and good operating practices, but I do believe that we can give some thought to locating members of our department in the most strategic places. Make them a part of the community and let the industrialist look upon them as fellow citizens and not strangers.

The value of the specialist as a method of contact presents many varied opinions. A number of utility power sales departments employ these specialists. They might be specialists on metallurgical problems; on commercial cooking problems; on air conditioning problems; on steam engineering problems and on many other specified uses of electricity. There is no question but what this type of employee has a very important place in any sales organization. I am of the firm opinion, however, that the salesman assigned to contacting industrials regularly be solely responsible for all contacts which are established between the company and that customer. The specialist must cooperate with the salesman and in all conferences with the customer must subordinate himself at least to the extent of not overshadowing the regular salesman in the eyes of the customer.

Some utility organizations employ specialists as additional contact between the customer and the company, working in their chosen field. Invariably there arises in the customer's mind, a question as to whom he is to confer with when he has a problem regarding the use of electricity. In some cases the varied answers he receives have made him dissatisfied and eventually he becomes distrustful of the utility and disconnects from their lines.

As I have mentioned previously, handling the customer depends upon making contact with him in as many places and upon as many points as possible. It is only in so doing that one can obtain complete customer satisfaction. In this movement of "Better Light—Better Sight" the industrial customer is now becoming extremely light-conscious. In some utilities the individual members of their Power Sales organization are responsible for handling not only the contacts with their customers for power and heating applications but are also responsible for all lighting applications; in other words, they are responsible to their organization for all contacts with their customers regardless of the use to which electricity is placed. As I view it, this opportunity of rendering another service to his customer on the proper value of light and lighting equipment, is just an additional means to him of securing complete customer confidence.

This matter of proper contact is of no value unless the personnel of the department is not only adequate in numbers but sufficiently qualified to meet the problems. The individual personnel should be so studied that the qualifications of each member are thoroughly known. You can readily appreciate the fact that certain customers have peculiarities which can best be met by those individuals in your organization who have qualifications which react favorably to these conditions. The manager of the department should consider these conditions when making assignments. A policy of this nature, however, has to recognize geographical limitations. An analysis in a given section generally shows, though, that there are one or two predominant industries. In these cases the salesman selected should be one whose qualifications react favorably to those inustries.

We now come to the subject of the individual personnel and his approach in contacting the industrial customer. It has often been said that one should sell himself, but I do not believe any definite effort should be made along that particular line. Personal integrity does not need to be sold but will be met with acceptance on the part of the average customer. This may likewise be said in regard to the man's ability. It is necessary, however, for the individual to sell the company to the customer or he may find himself in the undesirable position of having the customer bless him but curse his company. I am sure a number of you can recall instances where customers have been lost, even though the salesman handling the negotiations was on extremely friendly terms with the customer but a thorough analysis later showed that the salesman had only

sold himself and no effort had been made to sell the company.

Let us now discuss the requisites of the salesman who is handling this all-important contact. First he should have a certain education and training. The education should be along technical lines and should be secured either formally or through practical experience. In general, a formal education along mechanical or electrical lines is the most acceptable. The training should include a complete understanding of the workings of the various operating departments and he should appreciate fully the part each department plays to make the whole utility an efficient organization. This point alone will be of valuable aid in helping him to adequately handle questions of customer service or any complaints which the customer may raise regarding service. The salesman should be thoroughly grounded in the company's rate structures and service conditions and the principles underlying them. This is a very important requisite for many a complaint can be disposed of satisfactorily if the salesman, at the time the question is asked, can answer the customer with positiveness, utilizing these underlying principles.

After a salesman receives a definite assignment of customers, it becomes necessary to thoroughly acquaint himself with their needs, wants and practices. He should have a full appreciation of the customer's problems. It is highly desirable that he know a little more about the use of electricity in his customers' plants than the customers themselves. He should familiarize himself with their plant processes. It may become necessary for him to know something about electro - chemistry and metallurgy—at least enough to talk intelligently to the plant manager.

As a person outside the plant organization, he is in a position to suggest changes from time to time in processes, where the men close to the work would give it no thought. All of these qualifications require a man who has ingenuity with a keen imagination; and of utmost importance, he must be practical and not too theoretical. A fundamental knowledge of accounting problems is absolutely necessary. Not only the knowledge of the accounting practices of his own company are vital but an appreciation of the accounting practices used by his customers. So many times a salesman, in discussing costs, leaves an unfavorable impression due only to the fact that the salesman did not know upon what accounting principle the customer was basing his question. Such terms as "Depreciation", "Amortization", "Unit Costs", "Fixed Charges" and "Investment Costs" should be thoroughly understood in order to answer any question concerning the operation of isolated power plant equipment.

His knowledge of the customer's problems might bring out the fact that electricity is being used in a most inefficient manner and a change in process even to the extent of losing a portion of the load in favor of some other process not utilizing electricity will prevent the customer from installing power plant equipment for his total requirements. In this way he will at least have satisfied the customer and still retained a portion of the electrical load. This knowledge of customer problems will, at times, be helpful to his own organization for he can suggest changes to his executives concerning service conditions and rate structures which are harmful to the customer's practice and yet the changes will of themselves, not cause his own company to discriminate or withstand any loss in revenue.

At this time I wish to point out that the salesman should be perfectly frank and absolutely honest for it is only in adopting this attitude that a salesman can inspire confidence on the part of the customer. Above all he should acquire the ability to read human nature and judge accurately, the points in the negotiation which should be stressed, and when and how to present them most effectively. He should possess a natural ability of salesmanship or else develop this very necessary characteristic.

The quality of being a good listener will be of utmost value to him. So many times, misunderstandings have developed and customer confidence broken down, due to the fact that the power salesman would not allow the customer to thoroughly unburden himself.

It goes without saying that the assigned salesman must at all times be ready to advise the customer, as to how to make the most efficient use of his purchased energy. Studies in load factor, power factor, if that is a part of the rate structure, should be given freely and gratis. In fact he should be a consultant for the customer on all problems of which electricity is a part.

I appreciate that there is a problem of securing the services of such a man who will meet all of these qualifications. In selecting members of the department it is necessary to look for those men who at least have an appreciation of the duties involved and a willingness to develop in himself, those required qualifications which are not predominant.

In conclusion I wish to reiterate one or two points—first the necessity of making contact with the customer and with the proper individuals in his organization. Secondly—proper contact cannot be had unless the organization is thoroughly trained and sufficiently qualified to meet the problems. You know: This question of handling the customer is no different than that of your best girl. If you do not give her some attention, she is going to leave you.

## Commercial Sales Opportunities

*(Continued from Page 128)*

Additional cooking load added March, 1937, totaled 21 kw.

Air conditioning totals—115 hp.

Electric bills first year of operation (air conditioning estimated)—$10,350.00 or $120.85 per front foot.

Steam bills—$2,150.00 or $24.50 per front foot, making a total annual revenue from this customer of $145.35 per front foot.

While numerous other instances might be given of definite development of commercial business through concentrated sales pressure on the market, we believe that the above cases should be sufficient to indicate what can be done. The market is there in such volume that the principal difficulty is not so much in finding opportunities for commercial sales as in so directing our efforts that our results may meet with maximum success. To those companies considering an expansion of their activities in this market, I would suggest that a start be made with a relatively small group of promotional salesmen working in the cream of the market. These men, if properly trained and directed, will produce certain very definite results per dollar expended, and additional sales people can then be added until the organization has developed to a point where the ratio of expense to revenue is as high as it seems advisable to go. Those companies which have developed organized sales programs for the commercial field know from actual experience that the business is there, that it can be secured, and that in the securing of it, we are accomplishing something which is of mutual benefit to the company and to the customer.

# E. E. I. Convention Plans—Advance Information

PLANS are nearing completion for the Fifth Annual Convention of the Edison Electric Institute, to be held in Chicago, June 1-4, and all indications point to one of the most valuable and interesting meetings in the history of the organization.

Members of the Chicago Reception Committee have been appointed by President C. W. Kellogg. Edward J. Doyle, president, Commonwealth Edison Company is chairman and John F. Gilchrist, vice-president, Commonwealth Edison Company is vice-chairman.

Other members of the Chicago Reception Committee are: Charles W. Bradley, vice-president, Public Service Company of Northern Illinois; William Chamberlain, chairman, United Light and Power Company; A. G. deClercq, vice-president, Commonwealth Edison Company; B. J. Denman, vice-president, United Light and Power Company; Harry B. Gear, vice-president, Commonwealth Edison Company; Robert J. Graf, president, H. M. Byllesby and Company; Julius L. Hecht, vice-president, Public Service Company of Northern Illinois; Col. R. H. Jones, president, Super-Power Company of Illinois, and president, Chicago District Electric Generating Corporation; George R. Jones, president, Western United Gas and Electric Company, and vice-president, Public Service Company of Northern Illinois; E. W. Lloyd, vice-president, Commonwealth Edison Company; B. W. Lynch, president, Public Utility Engineering and Service Corporation; C. S. McCain, president, United Light and Power Company and Purcell L. Smith, vice-president, Commonwealth Edison Company.

The following Arrangements Committee has also been named: Edward P. Johnson, Commonwealth Edison Company, chairman; H. T. Anderson, W. H. Childs, John W. Evers, Jr., Louis A. Ferguson, Jr., Gardner S. Howland, P. B. Juhnke, E. J. Lavin, C. A. Lind, Miss Helen Norris, R. R. Pilkington, J. F. Rice, W. R. White and Harold Wright.

While sales promotion will be the dominating theme of the convention, with the first session given over entirely to the commercial opportunities of the industry, the program as a whole will be well diversified. Subjects relating to merchandising that will be discussed by authorities in their fields include air conditioning, kitchen planning in the new building boom, off-peak water heating, better light-better sight, winning the public through sales efforts, appliance servicing costs, new products and new developments in equipment and appliances, the manufacturer's stake in the utility business, and rural electrification.

Some of the other addresses will deal with experiences with interconnection; opportunities for young men in the utility business; accident prevention; law-making by commissions and government and business. Of particular interest will be a discussion by Dean John T. Madden of New York University of the special study of the public utility industry that he and his associate Dr. Herbert B. Dorau have been making during the past two years. The results of this study, as most utility executives know, is being published in a set of six volumes. Awards for the winners of the several Prize Awards administered by the Institute will also be made at the convention.

A partial list of the speakers includes President Kellogg, Messrs. E. J. Doyle, Commonwealth Edison Company; Philip Sporn, American Gas and Electric Company; C. E. Wilson, General Electric Company; N. G. Symonds, Westinghouse Electric and Manufacturing Company; E. T. Gushee, The Detroit Edison Company; Bernard F. Weadock, Edison Electric Institute; R. E. Fisher, Pacific Gas and Electric Company; Dr. L. W. Chubb, Westinghouse Electric and Manufacturing Company; William E. Mitchell,

*Michigan Avenue South from Chicago Avenue*

Georgia Power Company; W. C. Mullendore, Southern California Edison Co., Ltd.; D. E. Karn, Consumers Power Company; Dr. Gus Dyer of the University of Tennessee; R. C. Muir, General Electric Company and Frank W. Smith, Consolidated Edison Company.

Even if Chicago's proverbially fine spring weather does not prevail, delegates will be comfortable at the convention meetings. The Grand Ballroom of the Palmer House, where business sessions are to be held, and the Red Lacquer Room, where the President's Reception will be held at 9.30 p. m. on June 1, and where also there will be dancing on the evenings of June 2 and 3, are air conditioned. A limited number of air-conditioned guest rooms are also available at the Palmer House.

The Convention Banquet, one of the social highlights of the gathering, will be held in the Grand Ballroom at 7.30 p. m. on June 3. Reservations for this function may be made in advance.

Invitations for the banquet, together with other information on the convention, is now being prepared and will be sent to member companies before the first of May. Requests for banquet reservations should be sent to John F. Gilchrist, vice-president, Commonwealth Edison Company, 72 West Adams Street, Chicago, and checks for such reservations should be made payable to George W. Williamson, treasurer. The tickets will be priced at $6.00 per person.

Special entertainment features for the ladies will include a luncheon and bridge party in the Marine Dining Room of the Edgewater Beach Hotel on June 2, and a fashion show and tea at Marshall Field & Company on June 3. All the ladies attending the convention are cordially invited to attend these affairs. Detailed information will be supplied at the Registration Desk. Chartered buses will provide transportation to the Edgewater Beach Hotel.

## RATES QUOTED BY CHICAGO HOTELS FOR THE 1937 EDISON ELECTRIC INSTITUTE CONVENTION

| Hotels and Locations | Rates by the Day: Single with Bath | Double with Bath | Twin Beds with Bath |
|---|---|---|---|
| ATLANTIC<br>316 South Clark Street | $2.00 up | $3.00 up | $4.00 up |
| BISMARCK<br>175 West Randolph Street | 3.50 up | 5.00 up | 6.00 up |
| BLACKSTONE<br>South Michigan at Seventh | 3.50 up | 5.00 up | 6.00 up |
| CONGRESS<br>Michigan at Congress | 3.00 up | 5.00 up | 5.00 up |
| DRAKE<br>Lake Shore Drive & Michigan Avenue | 3.50 up | 5.00 up | 6.00 up |
| EDGEWATER BEACH<br>5349 Sheridan Road | 5.00 up | 7.00 up | 7.00 up |
| GREAT NORTHERN<br>237 South Dearborn Street | 2.50 up | 3.50 up | 5.00 up |
| HARRISON<br>Harrison & Wabash | 2.00 up | 3.00 up | 4.00 up |
| KNICKERBOCKER<br>163 East Walton Place | 3.00 up | 5.00 up | 6.00 up |
| LaSALLE<br>LaSalle and Madison | 3.00 up | 4.00 up | 6.00 up |
| MORRISON<br>Madison and Clark Streets | 2.50 up | 4.00 up | 5.00 up |
| PALMER HOUSE<br>15 East Monroe Street | 3.00 up | 5.00 up | 6.00 up |
| SHERMAN<br>106 West Randolph Street | 2.50 up | 4.00 up | 5.00 up |
| SHORELAND<br>5454 South Shore Drive | 5.00 up | 6.00 up | 7.00 up |
| STEVENS<br>Seventh & Michigan Drive | 2.50 up | 4.00 up | 5.00 up |

*Adler Planetarium, Chicago*

The Convention Hotel and Transportation Circular will be ready for distribution within the next week or ten days. All convention delegates are requested to make reservations direct with the Palmer House, where desirable accommodations are available for those attending the convention. With the general reduction in railroad rates during the past year, reduced rates for conventions have been discontinued. In consequence, certificates or special instructions regarding railroad rates will not be necessary in connection with the convention. It is suggested that local ticket agents be consulted as to lowest possible rates.

All business sessions and evening programs will be held at the Palmer House, Convention Headquarters. Registration for the convention will open at 10.30 a. m., Tuesday, June 1; at 8.30 a. m. on Wednesday and at 9 a. m. Thursday and Friday. The first business session will open at 2.30 p. m. in the Grand Ballroom of the Palmer House, Tuesday, June 1. The second business session opens at 9.30 a. m., Wednesday morning; the third at 2.30 p. m., Wednesday; the fourth at 9.30 a. m., Thursday, and the final ses-

sion at the same hour Friday morning.

To give convention-goers an opportunity to enjoy Chicago's numerous recreational and entertainment facilities and to see its many show places and points of interest, no business sessions have been scheduled for the afternoon of June 3. Special arrangements for golf are also planned for the convenience of delegates.

Inspection trips to any of the properties of the local companies may be arranged by applying at the Registration Desks in the Palmer House.

A cordial invitation to visit the Chicago Lighting Institute has been extended to convention delegates and their guests by Ralph G. Raymond, managing director. The "laboratory of light," occupying the entire 36th floor of the 20 North Wacker Drive Building, contains scores of exhibits portraying up-to-date developments in lighting—for the home, store, office or factory.

"House of Light Magic"—a dramatic revue of the more spectacular phases of the art of illumination—will be presented evenings in the Institute auditorium. Free tickets to this show will be available at the Registration Desks in the Palmer House.

Exhibits at the Lighting Institute include a six-room model electric bungalow, an industrial lighting room, model stores and window displays, a classroom, and a display of outdoor lighting equipment. A special feature during the convention will be a garden lighting demonstration in which shadow silhouettes will be projected by means of floodlights and cut-out figures.

Convention delegates are also invited to visit the headquarters of the Electric Association of Chicago and the Electric Club of Chicago, both of which are located in the 20 North Wacker Drive Building.

The Electric Association, organized in 1925, is the medium through which companies engaged in the electrical industry in the Chicago district cooperate in promoting the use of electrical services, appliances and equipment. Its activities embrace six divisions—architects' service, lighting and wiring, electrical maintenance engineers, women's, general industry, and members' service.

**Please make Convention Reservations as early as possible.**

## SALES—ELECTRIC REFRIGERATORS

*(Household Models Only)*

MONTH OF FEBRUARY AND FIRST TWO MONTHS OF 1937-1936

| | Month of February 1937 | Month of February 1936 | Month of January 1937 | First Two Months 1937 | First Two Months 1936 |
|---|---|---|---|---|---|
| *Total United States* | 245,718 | 179,056 | 171,405 | 417,123 | 298,820 |
| Maine | 1,057 | 1,007 | 472 | 1,529 | 1,252 |
| New Hampshire | 644 | 990 | 549 | 1,193 | 1,231 |
| Vermont | 780 | 576 | 370 | 1,150 | 695 |
| Massachusetts | 11,539 | 8,479 | 6,458 | 17,997 | 12,591 |
| Rhode Island | 1,750 | 1,370 | 1,491 | 3,241 | 1,804 |
| Connecticut | 4,989 | 3,381 | 4,257 | 9,246 | 4,591 |
| *Total New England* | 20,759 | 15,803 | 13,597 | 34,356 | 22,164 |
| New York | 26,811 | 19,940 | 16,815 | 43,626 | 30,996 |
| New Jersey | 8,910 | 8,269 | 6,676 | 15,586 | 13,369 |
| Pennsylvania | 25,767 | 12,895 | 15,738 | 41,505 | 24,935 |
| *Total Middle Atlantic* | 61,488 | 41,104 | 39,229 | 100,717 | 69,300 |
| Ohio | 18,132 | 9,616 | 9,498 | 27,630 | 17,625 |
| Indiana | 7,107 | 4,658 | 4,089 | 11,196 | 9,010 |
| Illinois | 19,262 | 11,521 | 13,824 | 33,086 | 19,690 |
| Michigan | 12,269 | 7,811 | 8,519 | 20,788 | 13,202 |
| Wisconsin | 6,707 | 2,910 | 4,906 | 11,613 | 5,191 |
| *Total East North Central* | 63,477 | 36,516 | 40,836 | 104,313 | 64,718 |
| Minnesota | 2,953 | 3,451 | 3,061 | 6,014 | 5,091 |
| Iowa | 4,879 | 3,111 | 3,700 | 8,579 | 5,000 |
| Missouri | 7,016 | 4,871 | 4,937 | 11,953 | 8,741 |
| North Dakota | 657 | 684 | 375 | 1,032 | 871 |
| South Dakota | 562 | 831 | 487 | 1,049 | 1,168 |
| Nebraska | 2,139 | 1,555 | 1,665 | 3,804 | 2,919 |
| Kansas | 2,629 | 2,001 | 2,694 | 5,323 | 3,949 |
| *Total West North Central* | 20,835 | 16,504 | 16,919 | 37,754 | 27,739 |
| Delaware | 473 | 244 | 287 | 760 | 515 |
| Maryland | 2,718 | 2,215 | 1,767 | 4,485 | 3,344 |
| District of Columbia | 1,384 | 1,345 | 914 | 2,298 | 2,515 |
| Virginia | 3,618 | 2,821 | 2,686 | 6,304 | 4,448 |
| West Virginia | 3,393 | 2,148 | 1,605 | 4,998 | 3,229 |
| North Carolina | 5,565 | 3,864 | 3,874 | 9,439 | 5,263 |
| South Carolina | 2,612 | 1,644 | 1,872 | 4,484 | 2,387 |
| Georgia | 4,665 | 2,955 | 4,094 | 8,759 | 4,145 |
| Florida | 2,660 | 2,552 | 4,403 | 7,063 | 4,338 |
| *Total South Atlantic* | 27,088 | 19,788 | 21,502 | 48,590 | 30,184 |
| Kentucky | 2,901 | 2,381 | 1,252 | 4,153 | 4,066 |
| Tennessee | 4,255 | 2,351 | 2,567 | 6,822 | 4,151 |
| Alabama | 3,222 | 1,795 | 1,497 | 4,719 | 2,979 |
| Mississippi | 1,346 | 827 | 837 | 2,183 | 1,446 |
| *Total East South Central* | 11,724 | 7,354 | 6,153 | 17,877 | 12,642 |
| Arkansas | 1,301 | 1,355 | 634 | 1,935 | 2,417 |
| Louisiana | 2,762 | 2,224 | 1,493 | 4,255 | 3,734 |
| Oklahoma | 2,759 | 2,403 | 1,344 | 4,103 | 4,708 |
| Texas | 9,863 | 7,253 | 6,160 | 16,023 | 12,929 |
| *Total West South Central* | 16,685 | 13,235 | 9,631 | 26,316 | 23,788 |
| Montana | 1,181 | 990 | 585 | 1,766 | 1,477 |
| Idaho | 977 | 1,099 | 942 | 1,919 | 1,666 |
| Wyoming | 271 | 329 | 270 | 541 | 471 |
| Colorado | 2,174 | 1,274 | 1,600 | 3,774 | 2,279 |
| New Mexico | 574 | 442 | 269 | 843 | 693 |
| Arizona | 1,021 | 969 | 650 | 1,671 | 1,460 |
| Utah | 1,262 | 2,003 | 817 | 2,079 | 2,438 |
| Nevada | 251 | 337 | 190 | 441 | 525 |
| *Total Mountain* | 7,711 | 7,443 | 5,323 | 13,034 | 11,009 |
| Washington | 3,476 | 3,103 | 2,997 | 6,473 | 6,825 |
| Oregon | 1,894 | 1,558 | 1,361 | 3,255 | 3,993 |
| California | 10,581 | 16,648 | 13,857 | 24,438 | 26,458 |
| *Total Pacific* | 15,951 | 21,309 | 18,215 | 34,166 | 37,276 |

Figures based on report by the National Electric Manufacturers' Association.

## Store Lighting

(*Continued from page* 134)

provement in modern lighting. This store uses 30 foot-candles of general indirect illumination and on top of the sales counters there is supplementary lighting totaling 75 foot-candles, or more than 10 times average store lighting. In this case, *light for selling* nearly doubled the monthly kilowatt-hours used. (Figure I)

However, your lighting business does not come from large stores alone. The bulk of it comes from small stores such as a dress shop in Buffalo (Figure II), where better light nearly doubled the kilowatt hour sales, or such as a store in Greenville, N. C. (Figure III), where interior and exterior modernization with light more than tripled the use of electricity. The merchants were satisfied with the return on their investment.

We shall be able to get our share of the profits in store lighting just so long as we can get the merchants to realize the numerous advantages that will bring profit to them. This applies equally to store owners of all classes. I believe we are going to succeed best in selling lighting and in producing mutual profits by using forceful "Seeing is believing" methods, which in the lighting game are many, and which are very effective in dealing with the customer. This means demonstrations with portable apparatus and with contractor installed fixtures because *demonstration* is the key which most effectively opens the way to mutual profits through better lighting in stores.

To be more convincing in this story, let us visualize together what happened to the owner of the poorly lighted small store in a community where good lighting is used as a means of fighting competition.

**Here Mr. Waterman introduced G. K. Hardacre of Public Service of Northern Illinois who presented a skit of which he is the author, entitled THE CAPITULATION OF WILLY-NILLY. There was an all "Public Service" cast. In an entertaining pantomime, in one scene, also staged by Mr. Hardacre, one viewed a dingy grocery with a backward proprietor; people calling but not buying; and a dormant cash register.**

**At the right time appeared Adam Goodman, lighting salesman, with a demonstration kit to show a fixture that made the store glow with illumination for adequate seeing. The new lighting had its immediate effect in attracting buyers, brought double and triple item orders instead of one item per person because stock was at last visible to the shopper. The utility salesman is rewarded with an order by the awakened merchant who "saw the Light." The three partners to the transaction profited.**

## CONVENTIONS AND MEETINGS

**APRIL**

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| 21-23 | Missouri Association of Public Utilities, Elms Hotel, Excelsior Springs, Mo. |
| 26-28 | Chamber of Commerce of the U. S. A., Washington, D. C. |
| 30 | Nebraska Electric Association, Annual Safety Conference, Lincoln, Neb. |

**MAY**

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| 2- 3 | Hydraulic Power Committee, Edgewater Beach Hotel, Chicago, Ill. |
| 3- 4 | Prime Movers Committee, Edgewater Beach Hotel, Chicago, Ill. |
| 3- 4 | Electrical Equipment Committee, Edgewater Beach Hotel, Chicago, Ill. |
| 3- 4 | Accident Prevention Committee, Edgewater Beach Hotel, Chicago, Ill. |
| 3- 7 | American Foundrymen's Association, Milwaukee, Wis. |
| 5- 6 | Transmission and Distribution Committee, Edgewater Beach Hotel, Chicago, Ill. |
| 10-12 | Institute of Radio Engineers, New York, N. Y. |
| 10-14 | National Fire Protection Association, Chicago, Ill. |
| 17-19 | Heating, Piping and Air Conditioning Association, Minneapolis, Minn. |
| 17-21 | National Electrical Manufacturers Association, The Homestead, Hot Springs, Va. |
| 20-21 | Pacific Coast Electrical Association, annual convention, Hotel Huntington, Pasadena, Calif. |
| 23-27 | National Electrical Wholesalers Association, Hot Springs, Va. |
| 24-27 | National Association of Purchasing Agents, Pittsburgh, Pa. |
| 27-29 | Southeastern Electric Exchange, annual convention, The Homestead, Hot Springs, Va. |
| 28-31 | Westinghouse Agent-Jobbers' Association, Hot Springs, Va. |

**JUNE**

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| 1 | Westinghouse Agent-Jobbers' Association, Hot Springs, Va. |
| 1- 4 | EDISON ELECTRIC INSTITUTE, Palmer House, Chicago, Ill. |
| 20-25 | American Home Economics Association, Kansas City, Mo. |
| 21-24 | Canadian Electrical Association, Banff, Alberta, Can. |
| 21-24 | National Association of Cost Accountants, Hot Springs, Va. |
| 24-26 | American Society of Heating and Ventilating Engineers, Swampscott, Mass. |

## Oklahoma Utilities Association Convention

AN unusually successful convention was held by the Oklahoma Utilities Association, March 22-23, at Tulsa. More than 500 delegates were registered for the two-day meeting.

J. P. Arnold, president of the Association, discussed the need of the industry to disseminate information concerning the part that it plays in the progress of the country. He reported rapid strides along this line during the past year.

After being welcomed by Mayor T. A. Penney, the delegates also heard J. F. Owens, president of the Oklahoma Gas and Electric Co., Oklahoma City; Bernard F. Weadock, vice-president and managing director of the Edison Electric Institute, New York, and E. E. Stovall of the Lone Star Gas Co., Dallas.

Mr. Owens drew freely from his recent experience as member of the board of the U. S. Chamber of Commerce and also members of its committee on natural resources production to discuss the Chamber's functions.

He explained that the Chamber was formed 25 years ago to give all business men, farmers, workers a common association that might promote their welfare in America. He emphasized that it was only the independent mouthpiece of these Americans.

Current utility problems were dealt with at length by Mr. Weadock.

A dinner was held Monday evening, at the Mayo Hotel Crystal Ballroom, with Fred W. Insull, Public Service president and Charles Evans of the Arkansas Utilities Association speaking.

Speakers at the Tuesday morning meeting included L. B. Denning, president of the Lone Star Gas Co.; C. N. Robinson, vice-president of the Public Service Co. of Oklahoma; W. E. Schooler, editor and publisher of *The Hugo Daily News*.

At the Tuesday afternon session Miss Mildred Clark, of the Oklahoma Natural Gas Co., discussed "Home Service" and Roy E. Hayman of the Oklahoma Gas and Electric Co. spoke on "Rural Electrification."

Other speakers were Dr. Paul B. Sears, University of Oklahoma, "Soil Conservations as a Business Asset for Oklahoma"; Frank B. Long, Tulsa, vice-president of the Oklahoma Natural Gas Co., "Your Sixth Day's Job," and C. A. Breitung, Ada, vice-president of the Southwest Gas Utilities Co.